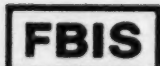


JPRS-WER-85-067

20 August 1985

# West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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20 August 1985

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POLITICAL

EUROPEAN AFFAIRS

FINNISH, FRENCH COMMUNIST PARTIES ISSUE JOINT COMMUNIQUE

Helsinki HELSINGIN SANOMAT in Finnish 21 Jun 85 p 9

[Article: "Finnish and French Communists Have a 'New View' of Party Relations"]

[Text] The Finnish and French communist parties have announced that they are of the same opinion on "the new view of relations between the two communist parties at the present time."

As an expression of this, the recent "new view" has been recorded in a joint communique that was issued when SKP [Finnish Communist Party] chairman Arvo Aalto met with French Communist Party first secretary Georges Marchais in Paris. Aalto's visit ended on Wednesday.

According to the communique issued regarding the visit, relations between the two communist parties are based on a free choice of strategy, independence, equal rights and mutual respect.

As the SKP and the French Communist Party conceive of them, party relations are also based on the avoidance of interference in any of the internal affairs [of the other party] and the development of flexible forms of cooperation based on their mutual interest.

According to the communique, relations between the two parties are excellent. Aalto invited Marchais to visit Finland, but the time the trip is scheduled for is not yet known.

New SKP first secretary Esko Vainionpaa, who participated in the Western Communist Parties Congress, visited France before Aalto.

This representative of the SKP moderate leadership also recently participated in the conference dealing with women's issues held in Wuppertal, West Germany, whose organizer was the country's tiny communist party, the DKP [German Communist Party].

On the other hand, in the next few days the trips to be made by former SKP chairman Jouko Kajanoja and Stalinist minority lead man Taisto Sinisalo will be directed toward the Soviet Union. Officially, they will be vacation trips.

## STEYRER'S CAMPAIGN FOR PRESIDENCY VIEWED

Vienna DIE PRESSE in German 28 Jun 85 p 4

[Article by Anneliese Rohrer: "Kurt Steyrer Will Resign Around the End of the year"]

[Text] The decision has been made: Kurt Steyrer, minister of health and SPOe [Austrian Socialist Party] presidential candidate, will resign his government post sooner than originally planned. "Sometime between 10 November and January," he told DIE PRESSE this week, even before the OeVP [Austrian People's Party] put its question on this subject to the Federal chancellor yesterday. In other words, "sometime" between the date of his official nomination by the SPOe Party Council and the start of the intensive election campaign for the highest office in the country. The exact date, says Steyrer, will be set by Federal Chancellor Fred Sinowatz.

The Office of the Federal Chancellor, however, was taken completely by surprise this week by the Steyrer announcement, for the previous SPOe stand had always been that, just as Adolf Schaerf and just as Rudolf Kirchschlaeger, Steyrer would remain in the government until election day. If he should decide otherwise, however, his decision would be respected.

Steyrer gave two main reasons for his decision. First, he said, it would really be a "highly problematical" matter to conduct the intensive election campaign while holding a ministerial office. Secondly, he pointed out, he would resign from his post also if he lost the election, for "as a defeated candidate" he would no longer have the necessary authority to implement the required things in environmental policy. By no means, however, he added, was his early resignation connected in any way with the DeVP demand to that effect. "This is certainly no victory for the OeVP," he stated.

The opposition tactics since his unofficial nomination had been clear, he pointed out: "Steyrer is no longer accomplishing anything as minister for the environment; he now is acting only as presidential candidate, and is doing so at the taxpayer's expense."

Steyrer said that the attack by Kurt Waldheim's election campaign manager, Heribert Steinbauer, calling him a "greedy and overzealous" candidate was a witting lie; his only appointment so far as an aspirant to the office of president had been a photo and film session with his family.



But because he was a "fair person," he would resign his post early, Steyrer announced. He did not want people constantly to "wrap him in a candidate's cloak." Thus, despite the fact that he was the president of the Vienna Chess Association, he had requested that someone else open a big chess event in Vienna in January.

Moreover, he said, he had so far not made any statement in the capacity of presidential candidate. And how about the APA [Austrian Press Agency] interview in which he stated that "as president" he would never give his assent to a government reduced in size [Konzentrationsregierung]? That was really not a statement for a minister to make. "Actually I never said that," Steyrer answered; "I only said that personally I did not like a government reduced in size," but then this happened to be reported differently. And, incidentally, he had said exactly the same thing as his "opponent" Kurt Waldheim said a little later. That had already been coordinated at a dinner at the Hotel Sacher.

Despite the fact that Steyrer plans to escape constant OeVP attacks as minister during the hot phase of the election campaign, he continues to insist on submitting quite a number of laws to Parliament--the amendment of the Physicians Law, the Smog Alarm Law, the Environmental Chemicals Law and a law concerning experiments with animals. He said he would not resign until he had completed these "principal tasks."

Just how his presidential candidacy might affect the work at the ministry will be shown by the fate of the Smog Alarm Law, which was dealt with by the province presidents yesterday [27 June]. Its becoming law depends largely on the consent of the OeVP-dominated Federal Laender. If, however, as Steyrer too is well aware, the OeVP strategy amounts to portraying him as an incompetent minister, why should the "black" province presidents let him score a smog victory?

The SPOe, for its part, is likely to leave no stone unturned at the second government meeting at the Tulbingerkogel early next week to put its presidential candidate in the limelight with a further environmental package. Whether it will succeed with this strategy will be demonstrated by the next opinion poll results, which reportedly will become available in a few days. The last data showed 50 percent supporting Kurt Waldheim and 35 percent supporting Steyrer. When the two still were "secret candidates" of their parties, the ratio was 65 to 28 in favor of Waldheim.

At any rate, the same game will probably be played with the popularity data of the two people hoping to move into the Hofburg [presidential premises] as happened in the case of party preferences a few months ago: the SPOe announces alleged IFES [Institute for Empirical Social Research] results, and the institute then issues denials far and wide. That is what happened recently in the case of a poll which went so far as to put Steyrer ahead of Waldheim.

8790

C30: 3620/382



POLITICAL

AUSTRIA

# RIVAL GREEN PARTIES CONTEND FOR SUPPORT

Vienna PROFIL in German 24 Jun 85 pp 16-18

[Article by Josef Votzi: "Buchner is a Great Liability"]

[Text] The light green banner above the speaker's platform reads: "For a Clean Environment and Clean Politics." From under it, the usual prohibition of smoking is announced 15 minutes into the meeting. There is general happiness, friendly handshaking and victorious posturing as commonly seen on TV after 3 hours had been spent reelecting the chairman, his deputies, the principal and assistant accountants and other honored functionaries.

To vote, the attendees raise shiny new plastic cards of the sort distributed by the Diners Club. Most of the time, there is no point in counting the number of cards raised. The uncomfortable taproom of the Linz railroad station restaurant is overflowing with mutual shoulder-patting, demonstrative unanimity and exaggerated self-confidence.

Sunday before last, with the battlecry "We are Austria's third largest party," United Greens of Austria (VGOe) Chairman Josef Buchner flawlessly concluded his "Third Regular National Party Conference"--using the mannerisms of the embattled big parties. "A certain cultural difference compared with Germany could be felt here," says Norbert Kostede, a member of the FRG national party leadership, who had attended the meeting as an observer from the German Alternative Party.

To be perfectly frank about it: nothing could better illustrate the dilemma of the Austrian Green parties than the events at the traditional anniversary party conference of the United Greens.

With barely concealed malice, VGOe leader Buchner noted in his introductory remarks that two of the three executives of the competing Alternative List of Austria (ALOE) had settled into seats in the rear of the meeting room. They were to get more of the same in the course of the next hour. "After Hainburg, there was still a certain amount of euphoria about cooperation," Buchner was thundering; "euphoria has been known sometimes to blur our vision. The ALOe is clearly a leftwing party, and this trend is getting stronger."

Buchner's hammer blows have one primary reason: he had after all during the past few weeks arranged matters in such a way that joint action by the two Green parties had become less likely than ever. "The polls have clearly shown," he says, as if to instill courage in himself and his followers, "that the VGOe has four to six times the potential of the ALOe. If the ALOe tells us now that it wants a united party of all Green groups, it could be that this little group will get a hernia from trying to carry the VGOe piggyback."

Austria's Green parties continue in their preference for being preoccupied with themselves. Secondly, they deal with each other, in a combative manner. Statistically, they have occupied seven seats in the National Council since the National Council elections in April 1983, constituting what Austrian People's Party (OeVP) pollster Fritz Plasser calls an "invisible fraction." Since they failed to make common cause, they could not even get a single seat with entitlement to vote. It is true that opinion researchers accord them a considerable voting potential, ranging between 6 and 12 percent. However, it appears that none of the groups is in a position of politically harnessing the feeling of protest, which by far exceeds the "Green" boundaries.

I don't have a very good gut feeling at the moment," says Guenther Nenning, who serves as a fairly reliable barometer for mood swings. After the failure of the Konrad Lorenz draft, the preacher of the Greens retired to the sidelines. "I don't fit into a party, he says. "If still another man messes around with this sorry situation, nothing will be achieved."

There is in fact no lack of actors, dramatic readings and would-be stage managers at present. At the next election, the Landtag elections in Upper Austria, there will once again be at least two groups competing under the green banner. As recently as last fall, fresh from the results of the Vorarlberg election results, there were some promising contracts between the Greens and the Alternatives. A minimum consensus and slate of candidates for an election platform, similar to those in the provinces, had been practically agreed upon when, last spring, VGOe Chairman Josef Buchner cancelled the contract from one day to the next.

The Alternatives remember a joint roundtable discussion in Linz, during which "some people, mostly from his own party, accused Buchner of conducting an authoritarian regime. One person even called him a 'little Adolf'" (ALOe representative Doris Eisenriegler). The result: "He left the table in the middle of the discussion and told me that the hostile mood at that meeting had been an eye-opener for him, and that the whole idea of a joint platform was dead as far as he was concerned. He simply threw the whole thing back in our faces," says Eisenriegler.

Josef Buchner describes his version of the grounds for divorce: "At first they wanted to plaster the name Buchner on all the posters, because a good name is worth something when you are broke. And all of a sudden they said that I should be on the residual voting list. They are trying to hit us with salami tactics." What is left is a heap of rubble. The deputy mayor

of Steyregg did obtain majority approval for his conduct by cleverly asking for a vote of confidence: but three out of five members of the Upper Austrian VGOe leadership refused to go along with this and broke their ties with Buchner.

The locally prominent VGOe dissidents now attempted to convert this failed liaison into one of their own making and, together with the Alternatives, published the Green-Alternative List (GAL). Says former Buchner deputy in the VGOe and present GAL activist Helmut Kellner: "Buchner, who is a hard worker and devoted to the cause, has gone off on the wrong track because he has tunnel vision. He cannot take criticism and is scared of new ideas. It is completely wrong to lump all the Alternatives together and call them leftwingers. I have met some very good people among them."

The export manager of an electronics firm sees a sharp demarcation line between the Buchner party and the Green-Alternatives: "The VGOe is a conservative environmental protection party which, by excluding all other issues, will run out of things to do. We want to include such social issues as wage parity and fringe group problems." Says VGOe dissident Ulrike Postl: "From the human point of view, Buchner simply cannot stand the Alternatives. He doesn't generate any radically new politics. In his actions and his tactics, he is a politician just like all the others, only colored Green. I fully appreciate his achievements in environmental protection. However, as a catalyst for the Green movement Buchner is unfortunately a great liability."

Next October's Landtag elections are seen as having key importance by all camps. "I believe that our chances have improved still more," believes VGOe Chairman Buchner, "we are strong enough to be able to do with the ALOe."

"If only Buchner gets a seat," says ALOe spokesman Andreas Wabl, "things will look pretty black for the ALOe on the national level. But I don't believe that either of the two groups will get a seat." Within the ALOe, increasing numbers of people are working on a forward-looking strategy. "The VGOe has developed a media image of a party with a clever party management," says ALOe strategist Fritz Zaun, "and they managed to look like the true Greens. But there was no rush to join them on the part of the political branch of the ALOe. A merger of the ALOe and VGOe would not amount to anything other than a get-together of two sick people." The ALOe, he says, should therefore break new ground with a "Green-Alternative rallying process," which would go far beyond the present Green party spectrum. Its slogan: "We have nothing to lose but our small-time image."

The first efforts in this direction were made in early May under the guidance of one of the most successful Green politicians to date, Salzburg City Councilman Johannes Voggenhuber (Citizens' List). At the second meeting at the end of June, there was for the first time representation from the Initiative of Austrian Opponents of Nuclear Power Plants (IOeAG), veterans of the Au sit-in and representatives of the Citizens Initiatives, who had until then refrained from joining any lists of candidates.

VGOe Chairman Josef Buchner intends to decline the invitation in the future as well: "Whoever wants to merge, let them. I'm not interested in those embrace tactics. All this is only old bottles with new labels."

Norbert Kostede, member of the FRG Greens leadership and representative of the Realo fraction, sees the fermenting situation in this way: "The fact that in Austria the non-socialist ecologists are preeminent is the result of the corruption among the Austrian leftwingers, if you'll forgive my saying so. They still prefer sitting in the tent of the SPOe (Austrian Socialist Party)."

9273

CSO: 3620/378

POLITICAL

FEDERAL REPUBLIC OF GERMANY

# POLLS SHOW KOHL'S INCUMBENCY ADVANTAGE NOW LOST

Hamburg DIE ZEIT in German 5 Jul 85 p 6

[Analysis by Hans Jakob Ginsburg: "Into the Cellar with Kohl—Pollsters Agree: Incumbency Bonus No Longer Works"]

[Text] Never before have the Germans thought less of a sitting chancellor than they do now—or at least at no time since opinion polls began trying to provide a systematic analysis of the voters' views. For the past 15 years, the chancellor has always been thought of more highly than the party he represented—and that is probably also the way it was during the first two decades of the Bonn republic. A "chancellor's incumbency advantage" has become part of the political vocabulary. But now, it seems there is such a thing as an "incumbency disadvantage," i.e. the chancellor's poor standing being detrimental to his party's fortunes.

The very polls which make the CDU/CSU happy seem to bear this out. Based on a poll conducted by Emnid Institute of Bielefeld, a BILD-ZEITUNG headline stated "Kohl: zero; but coalition ahead." The actual Emnid figures were: CDU/CSU, 43 percent; SPD, 41 percent; FDP, nine percent; Greens, five percent. The Emnid poll was taken in late June; but Infratest, Emnid's Munich competitor, had come up with a different set of figures earlier that month. The Infratest poll placed the CDU/CSU at 39 percent; the SPD at 48 percent and the two smaller parties represented in the Bundestag at six percent each. Thus, the pollsters disagree on actual voter preferences while agreeing on Helmut Kohl's lack of popularity.

The pollsters measure the political leaders' popularity on the basis of a scale ranging from minus five to plus five which has been taken over from the United States. The average German has a generally high opinion of his political leaders—or more exactly, those questioned give very high marks to the leaders of their own political party; the leaders of the political opposition are usually mildly censured or at times even praised slightly.

In sum, the results usually are in the plus range—except in case a politician is heartily disliked by those who oppose him as happened to Willy Brandt in the late seventies and to Franz Josef Strauss up to 1985. The chancellor, on the other hand, was apparently always held in fairly high regard even among the opposition voters. This applied to Willy Brandt



even at a time when his chancellorship was beginning to disintegrate and it applied to Helmut Schmidt even beyond his term of office. The pollsters have stopped asking about Schmidt's popularity on a monthly basis; but the last time they did ask (during the winter of 1984-1985) he was still coming up with a higher rating than any of the currently active Bonn politicians.

And what about Helmut Kohl ? In 1983, immediately after he was elected, Kohl rated 1.8 on the plus scale according the Mannheim election research group which, based on prior experience, is a perfectly respectable rating for a head of government. But since that time, his rating has been slipping consistently and in June 1985 dropped to absolute zero. CDU/CSU supporters, to be sure, still rate the chancellor at 2.7. But among supporters of the other political parties Kohl is as unpopular as Franz Josef Strauss used to be in years past. Why is it that Strauss is becoming more popular within his own camp ? The pollsters are cautious about giving an interpretation. One of them quotes Duesseldorf cabaret artist Lore Lomatz who said: "I blame Kohl for making Strauss seem a decent sort compared to him."

The reaction among CDU/CSU supporters is different. In June, the election research group polled CDU and CSU supporters for the first time on whom the CDU/CSU should put up as its candidate for chancellor in the next election. Helmut Kohl "won" the poll, receiving 54 percent; Strauss got 18 percent; Gerhard Stoltenberg got 14 percent and the two minister presidents, Ernst Albrecht and Lothar Spaeth, each got seven percent. This looks like a good showing for Kohl—but only at first glance. Just supposing the German electoral system really provided for primaries such as the pollsters simulated in their survey. An incumbent who is favored by just about one-half of the members of his own party would be an almost certain loser in the actual election.

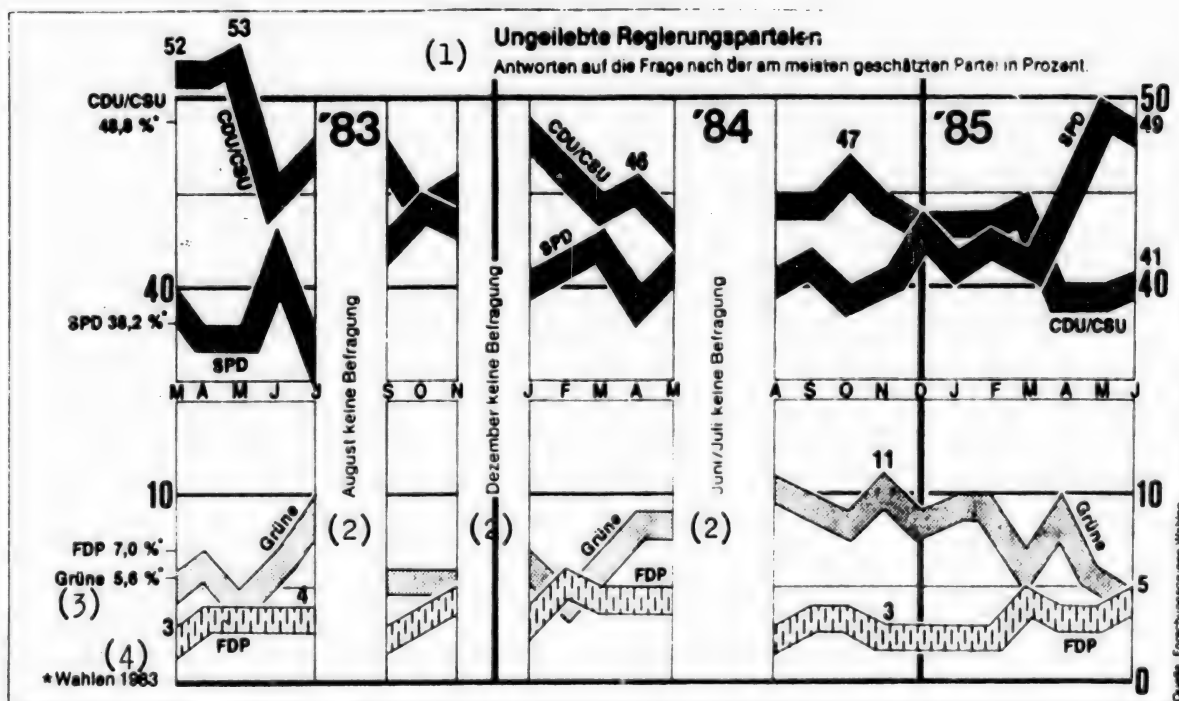
The SPD supporters among those polled by the election research group will hardly have an opportunity to respond to a similar question because Johannes Rau is so clearly ahead of all other SPD contenders.

The most important question has remained unanswered, i.e. what do the polling data obtained by the various competing institutes and research organizations mean for the next elections ? All the pollsters are cautious, stressing time and again that they are merely capturing attitudes of the moment and are not prepared to predict the future. In contrast to the responses regarding the popularity of individual political leaders where the data of the Bielefeld, Mannheim and Munich pollsters differ by only a few decimal points, the responses regarding the popularity of the various political parties differ widely. The explanation for it is that on the one hand the responses to the so-called "Sunday question," i.e. "whom would you vote for, if the Bundestag election were held next Sunday ?" are weighted differently by the various polling organizations—which is another way of saying that they all try to determine according to some formula of their own who those who do not respond will vote for.



On the other hand, just a handful of percentage points, which may be within the range of normal statistical error, may at times determine victory or defeat for one or another of the political parties.

Asking about the popularity of a political party rather than about the individual voter's actual intentions tends to reduce the margin for error. Similar to the findings of the Infratest Institute, the Mannheim research group has come up with a huge popularity advantage of the SPD over the CDU/CSU for the second time running. Nor can the CDU and CSU supporters take consolation from the fact that the party in office always **falters** at the midpoint of the legislative session—because the SPD lead is too big for that. Even though the CDU/CSU is likely to survive this particular crisis and even though the party in office usually profits more from shifts in popular attitudes during an election campaign than the opposition, the actual outcome of the 1987 election is wide open on the basis of currently available data.

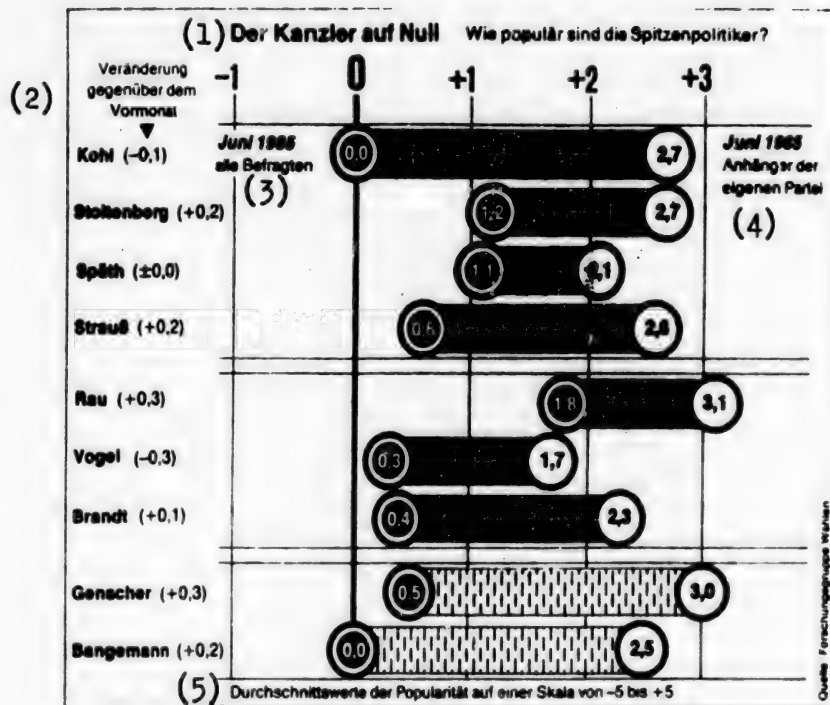


**Key:**

1. Unpopular government parties—Responses to the question about the most popular political party in percent
2. No poll [in August, December, June/July]

[key continued next page]

3. Greens
4. 1983 election



**Key:**

1. Chancellor drops to zero—How popular are our political leaders ?
2. Change as against preceding month
3. June 1985 total sample
4. June 1985 supporters of own party
5. Average popularity ratings on a + 5 to - 5 scale

9478

CSO: 3620/435

POLITICAL

FEDERAL REPUBLIC OF GERMANY

# SPD STRENGTH RISING DESPITE CONFLICTING POLL RESULTS

Hamburg DER SPIEGEL in German 15 Jul 85 pp 56-59

[Unattributed article: "Winning with Rau in '87 ?—Chancellor Weak, Government's Authority Dwindling—Opinion Polls on Bonn Situation"]

[Text] The SPD's fondest dreams seemed to come true when the Munich-based Infratest Institute transmitted the findings of its most recent public opinion poll to SPD headquarters in Bonn which had commissioned it.

The June 1985 figures compiled by the Munich organization gave the SPD more supporters than the CDU/CSU and the FDP combined, i.e. 48 percent as compared to 39 plus 6 percent. The Greens came out at six percent which meant that the SPD had to take only one percent of their vote away from them to push them below the five percent limit in the next Bundestag election in the spring of 1987 and thereby gain an absolute majority in Bonn as it recently did in Duesseldorf.

SPD headquarters in Bonn made sure that the figures were made public.

Two other polling organizations came up with entirely different results. According to Bonn-based Infas and Bielefeld-based Emnid, the SPD and the CDU/CSU are running neck-and-neck. And since both of these organizations came up with higher figures for the FDP than for the Greens, the coalition parties made out better than the opposition. The lead, which amounted to 12 percent at times since the change of government, has dwindled substantially in any event. Emnid puts it at three percent and Infas at only 1.5 percent.

The data obtained by Infratest and the other two organizations do not gibe even though all three sent out their interviewers at virtually the same time between May and June and all three had asked the same question, i.e. "which party would you vote for, if the Bundestag election were to be held next Sunday ?"

Infratest pollster Gerhard Unholzer found some June figures obtained by a fourth organization in a regional newspaper and he believes that that organization, the "Mannheim Election Research Group" came up with prac-

tically the same results as his Infratest organization, i.e. 48.1 percent for the SPD and 39.8 percent for the CDU/CSU.

But Unholzer is wrong and he is not the only one.

For procedural reasons, the "research group" refuses to publish their findings with regard to the so-called Sunday question. Their explanation is that the responses do not provide a realistic image, since the SPD was always ahead. The so-called raw data must therefore be corrected or "politically weighted," as the pollsters choose to put it.

The various polling organizations all operate on the same principle. They compare the responses of the interviewees to the question which party they voted for in the last Bundestag election with the actual outcome of the election and alter the results obtained in response to the Sunday question accordingly. The actual formulas used to tabulate the results are a carefully guarded secret, since each organization wants to get closer to reality than its competitors.

The "research group" terms all this manipulation pure and simple which cannot be justified scientifically and also feels that a question dealing with casting one's vote in a fictitious election on the following Sunday is a way of "gauging moods but not counting votes," according to Wolfgang Gibowski, a member of the group.

But the Mannheim experts, who are so much interested in clarity, caused more confusion with their June figures than all the others. On a television program on ZDF, they did not make public the responses to the Sunday question but to the question of "which party you like best." In analyzing these figures, most television viewers and many journalists arrived at radically different conclusions from those of the "research group." Gibowski calls the Infratest figures "unrealistic" as far as an evaluation of the potential number of voters for the various political parties is concerned and considers the Emnid and Infas "more plausible." By his estimate, the CDU/CSU and the FDP would get 51 percent of the vote between them and the SPD and the Greens would get a total of 47 percent.

There is no open dispute in the polling fraternity concerning the contradictory findings. Unholzer resolutely rejects contentions raised by the others with regard to Infratest's high figures for the SPD. He says that the SPD did not publish the raw data and that Infratest did not weight the figures erroneously. On the other hand, he does not rule out the possibility (raised by Ursula Feist of Infas) that the "victory effect" of the election in North Rhine-Westphalia had a greater impact on his polling results than on any of the others.

Under the circumstances, Unholzer is by no means sure that the SPD "can hold on at this level."

In fact, the SPD cannot count on the 48 percent of the vote reported by Infratest either in subsequent polls or in the 1987 election which is why an absolute majority is not in sight.

The experience of the past 10 Bundestag elections corroborates this. Only once, in 1972, the SPD succeeded in coming out ahead of the CDU/CSU and on that occasion it needed a partner (the FDP) to gain a majority in the Bundestag.

But even if Emmid and Infas came closer to political reality than Infratest, "the SPD has never yet done better since the change of government," according to Ursula Feist. This is the same political party which fell to a low of 32 percent in September 1982 prior to the change of government while the CDU/CSU made off with 52 percent of the electorate.

From the present vantage point, it would seem that the SPD's chances of overtaking the CDU/CSU are as good as they were in 1972 and it does have something of a chance to form a majority together with the Greens and to take over power.

Other findings obtained in the most recent polls speak more for this than the actual party numbers.

If the SPD decides to nominate Johannes Rau as chancellor, it will introduce a trump card into the Bonn political game. In response to an Infas question whether the voters would cast their ballot for Rau or Kohl in a direct election, 48 percent opted for Rau in June and only 35 percent for the chancellor.

The Bonn coalition is confronted with two major problems which could be costly in terms of votes: the weakness of the chancellor himself and the diminished competency of the government in dealing with the unemployment problem, which the public regards as the most important issue facing the nation today.

This particular chancellor differs from his predecessors in that he faithfully reads the polling results and all but blindly follows the advice of the pollsters—particularly that of Elisabeth Noelle-Neumann, his confidante. And yet no previous Bonn head of government has fared worse in the polls, based on the findings of all the institutes.

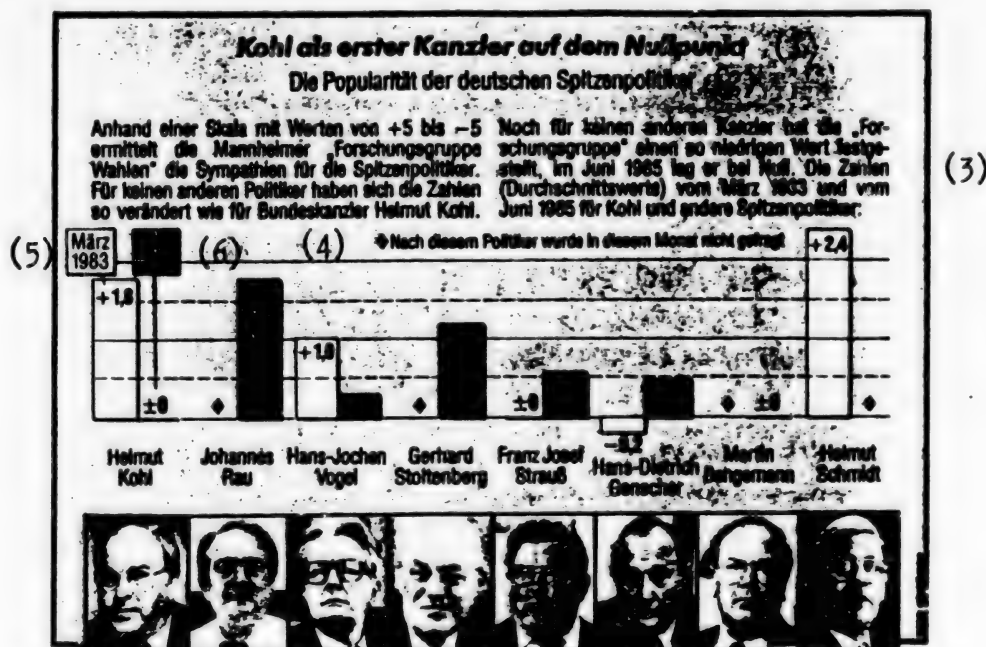
The Kohl government's efforts to cope with the unemployment problem got the worst marks, i.e. 4.4 which is somewhere between "satisfactory" and "deficient," for its work in all fields.



When the "election research group" asked its sample who "is best equipped to fight unemployment" 30 percent opted for "an SPD-led government" and 28 percent for the "present CDU/CSU-FDP government."

These figures could change a good deal because many voters are not yet convinced that either side has the better program.

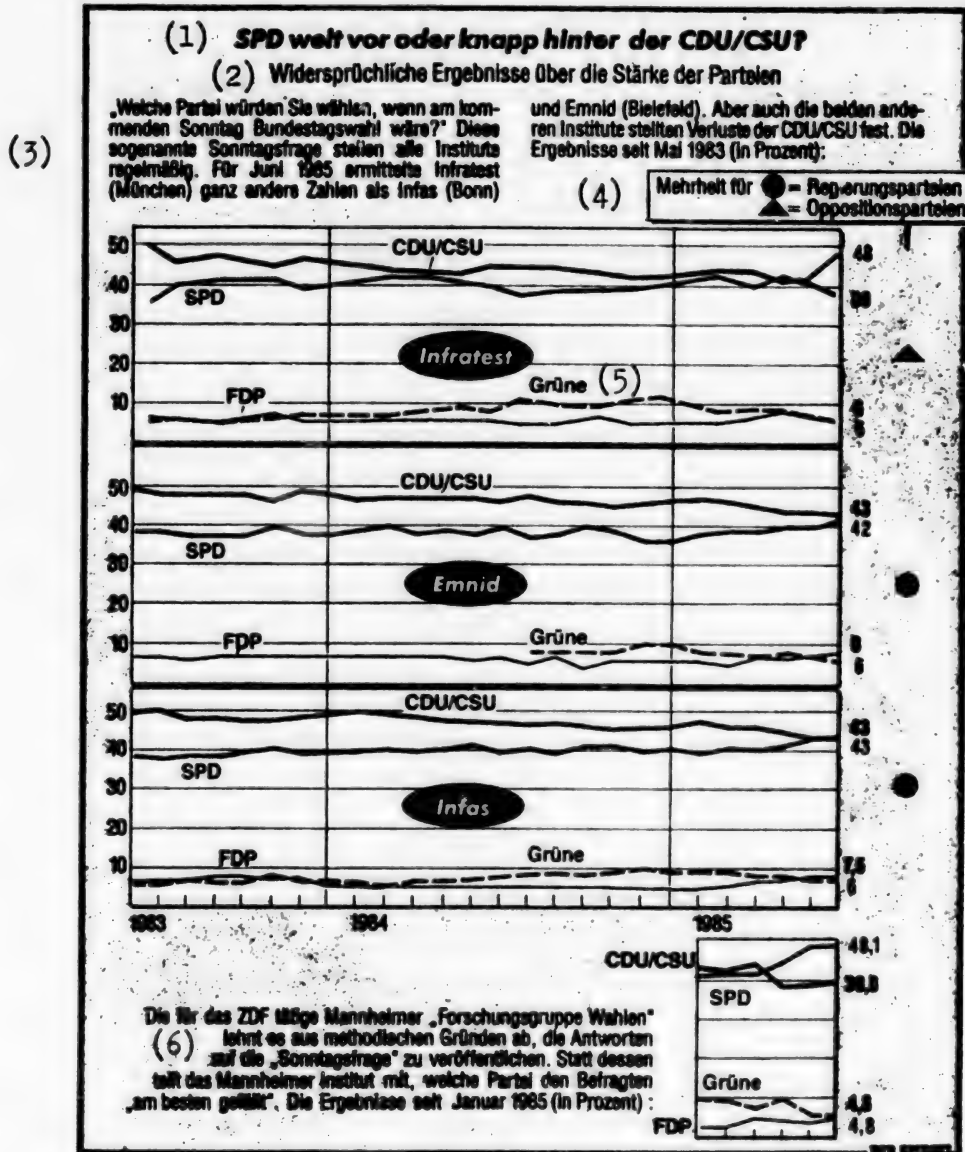
For now, 14 percent of voters place as much confidence in a conservative government as in a social democratic one while 28 percent place as little confidence in either.



Key:

1. Kohl first chancellor to hit zero mark
2. Popularity poll of German political leaders
3. Using a plus five to minus five scale, the Mannheim-based "election research group" took a popularity poll of leading political figures. Only for Chancellor Kohl did the figures show a drastic change. The "research group" never before obtained such low results for a chancellor; in June 1985, it hit the zero mark. Herewith the figures (averages) for March 1983 and June 1985 for Kohl and other political leaders.
4. No poll was taken on this political figure this month
5. March 1983
6. June 1985



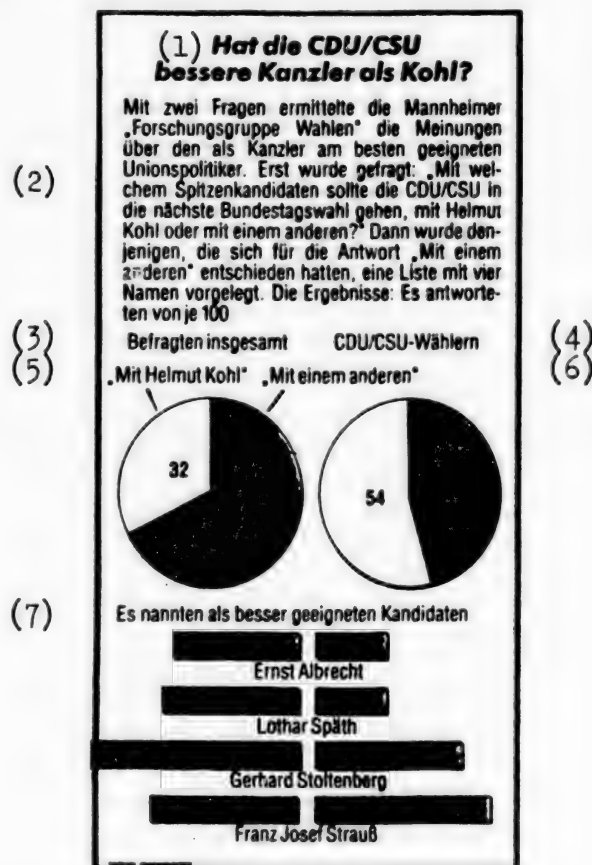


Key:

1. SPD far ahead or close behind CDU/CSU ?
2. Contradictory findings on party strength
3. "Which party would you vote for, if the Bundestag election were to be held next Sunday ?" This so-called Sunday question is asked by all polling organizations on a regular basis. For June 1985, the Munich-based Infratest Institute came up with entirely different figures from Bonn's Infas and Bielefeld's Emnid Institute. But the latter two organizations, too, reported CDU/CSU losses. Here-with the results since May 1983 in percent:

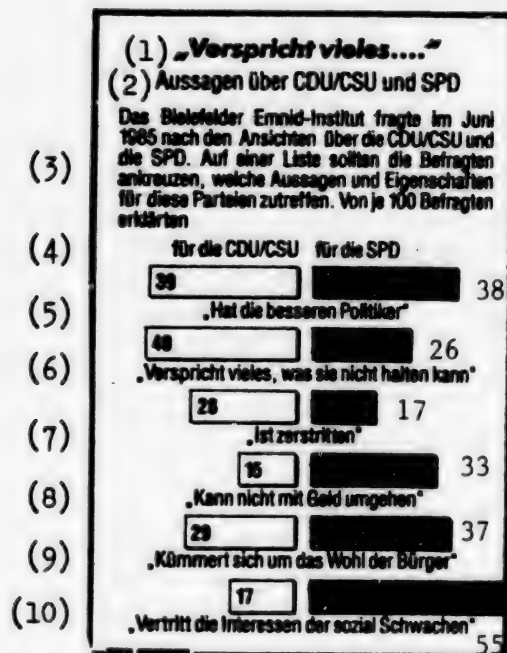
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4. Majority for government parties, opposition parties
5. Greens
6. The "election research group" of Mannheim which does work for ZDF declined for procedural reasons to make the responses to the Sunday question public. Instead, it has published the responses to the question of which party "is liked best." Herewith the results since January 1985 in percent:



**Key:**

1. Does CDU/CSU have better chancellors than Kohl ?
2. The Mannheim-based "election research group" asked two questions to determine which CDU/CSU politician is thought to be best suited to be chancellor. The first question was: "Who should head the CDU/CSU ticket in the next Bundestag election: Helmut Kohl or someone else ?" Then, those who had opted for 'someone else' were given a list of names. Herewith the results in percent.
3. Total sample
4. CDU/CSU voters
5. Helmut Kohl
6. Someone else
7. Percentages for better suited candidates



Key:

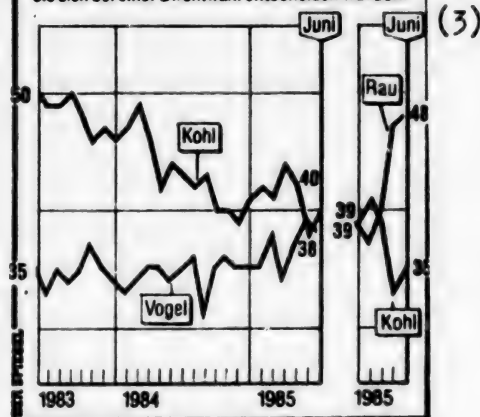
1. "Makes lots of promises..." 2. Views on CDU/CSU, SPD
3. In June 1985, the Bielefeld-based Emnid organization took an opinion poll on attitudes toward the CDU/CSU and the SPD. The sample was given a list and asked to check the statements and characteristics which applied to the two parties. Herewith, the percentage figures:
4. For the CDU/CSU; for the SPD
5. Has better political leaders
6. Makes lots of promises it cannot keep
7. Is at odds within own ranks
8. Does not know how to handle money
9. Is concerned about welfare of citizens
10. Represents the interests of the socially disadvantaged

(1)

### Rau oder Kohl als Kanzler?

Das Bonner Infas-Institut variiert seit Beginn des Jahres 1985 in Nordrhein-Westfalen die sogenannte Kanzlerfrage: für welchen Kandidaten man sich bei einer Direktwahl des Bundeskanzlers entscheiden würde. Jahrelang wurden die Namen von Hans-Jochen Vogel für die SPD und von Helmut Kohl für die CDU/CSU genannt. Nun fragt Infas bei jeder Untersuchung erst nach Vogel und dann nach Rau als potentiellern Kanzlerkandidaten der SPD. Ergebnis: Von je 100 Befragten nannten als den Kandidaten, für den sie sich bei einer Direktwahl entscheiden würden:

(2)



#### Key:

1. Rau or Kohl for chancellor ?
2. Since the start of 1985, the Bonn-based Infas polling organization has been using a variation on the so-called chancellor question in North Rhine-Westphalia, i.e. for which candidate the voters would cast their ballot, if there were a direct election for chancellor. For years, the voters named Hans-Jochen Vogel for the SPD and Helmut Kohl for the CDU/CSU. Now, Infas first asks about Vogel in every poll and then about Rau as a potential SPD candidate for chancellor. Herewith, the percentage responses to the question on which candidate the voters would choose in a direct election.
3. June

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FINLAND

PRAVDA ATTACK ON CP GENERAL SECRETARY REPORTED

Helsinki HELSINGIN SANOMAT in Finnish 19 Jun 85 p 12

[Text] On Tuesday the CPSU organ PRAVDA criticized SKDL [Finnish People's Democratic League] and especially SKP (Finnish Communist Party) leaders' preparations for the 1987 parliamentary elections. With the headline "Peculiar Position," PRAVDA wondered at SKP first secretary Esko Vainionpaa's statements in which he predicted and was even getting ready for an election defeat.

According to the paper, the decision at the SKDL party congress not to assure the uniform appearance of all the different factions has aroused attention in political circles. PRAVDA wrote that the decision is in keeping with the policy line SKP representatives have recently pursued.

PRAVDA called attention to Vainionpaa's statement that not all SKP organizations would be allowed to participate in joint Communist and People's Democratic election coalitions, even though because of this they could lose perhaps a third of their seats in Parliament.

According to PRAVDA, the Finnish press regards Vainionpaa's position "as at the least peculiar." Two years before the elections he is not only predicting his party's defeat, but is directing the situation toward it, the newspaper went on and said that in Finland's conservative circles this line has been received with "open approval."

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POLITICAL

FINLAND

## OTTAWA CONFERENCE EVENTS REIGNITE NEUTRALITY DEBATE

### Sorsa's Remarks on U.S. Questioned

Helsinki HELSINGIN SANOMAT in Finnish 19 Jun 85 p 12

[Article: "Sorsa Did Not Give Junnula an Accounting of His Speeches"]

[Text] Prime Minister Kalevi Sorsa (Social Democrat) does not feel that there is any reason for giving an accounting of the foreign policy speeches he makes as chairman of the Social Democratic Party (SDP). Sorsa made this clear in his reply to MP Tuure Junnula's (Conservative Party) written question in Parliament.

In his question Junnula referred to Sorsa's May Day's Eve speech in which, according to this interrogator, he attacked the U.S. Government's policy. Junnula also mentioned the speech he made at the SDP congress last summer.

In his reply, Sorsa stressed the fact that on those occasions he expressed the views of his party as its chairman and that Junnula equates differing obligations with one another as concerns the parliamentary responsibility of a prime minister and party chairman.

### Ottawa Role Defended

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 85 p 2

[Editorial: "Anticipated Setback in Ottawa Will Probably Be Without Reverberations"]

[Text] Things went just as was feared they would beforehand at the human rights conference in Ottawa. The conference of experts that lasted over 6 weeks was incapable of reaching agreement on any sort of common final statement nor, consequently, on a continuation either. According to the resolution made at the sequel to the CSCE in Madrid, they should have made an effort to formulate common conclusions at the Ottawa conference and recommendations for the participants with regard to respect for human rights and basic freedoms.



Just because they were able to feel that such an end result was even probable, it is an exaggeration to magnify the political significance of the setback for the future of the European security and cooperation process.

Even stranger are the charges leveled by the Norwegians concerning the Finns' "submissive" and "servile" behavior during the final phase of the conference.

Human rights have been the most important hobby horse for the West during the entire 20 years the European security and cooperation process has been going on. They have been hotly disputed during every phase. All the gains that have so far been written into common position papers have come into being as carefully balanced compromises in difficult negotiations. The very holding of the Ottawa conference was the result of a compromise: It was the East's concession for the West's agreeing to the Stockholm conference at which they tried to reach agreement on security and trust among the nations involved for additional actions and actions promoting disarmament.

This is why we knew beforehand that the West would try to drive the Soviet Union and the other socialist countries to the wall at Ottawa because of their disregard for human rights and basic freedoms. During the initial phase of the conference Finland too clearly made use of its opportunity to speak at which time it emphasized the fact that respect for human rights and basic freedoms is of major importance in international relations. If a nation's officials deliberately violate human rights, other nations have the natural right to draw their own conclusions from the fact and react in accordance with them. On the basis of the UN Charter and the Final position paper of the CSCE, this cannot be interpreted as improper interference in the internal affairs of other nations.

Another question is to what extent this procedure itself advances the cause or whether it would be wiser to attempt to obtain improvements through quiet diplomacy and other channels. Finland has also quite rightly remembered that concern for human rights must not be linked with fluctuations in the international situation and the opposite side must not be criticized the more loudly the worse relations between countries are. Besides, the concept of human rights is broader than the political rights and civil liberties stressed by the West. In the socialist countries the main emphasis is laid on economic, social and cultural rights.

The job of so-called chief coordinator fell to Finland when they began to search for a basis in Ottawa for commonly acceptable conclusions and recommendations. Finland tried to resolve the problem on the principle of something for everyone, which, however, did not prove to be a workable procedure. With Norway in its midst, NATO pursued an unyielding line and this time the neutral countries did not form in a common front negotiating compromises. Finland's reputation was in the end ground to bits.

In Finland there is nor reason to pay any attention to the Norwegians. We may at most ask whether it was wise to try to seek a common basis for compromise at any cost. Was it not obvious even from the start that the different factions

had no real interest in or need for looking for a common denominator. The most important thing for the West and for some neutral countries was to have an opportunity to say what they had to say as clearly as possible. For the Soviet Union the most important thing was to get through the conference with as few votes [of censure] as possible.

Of course, Finland wanted above all to safeguard the climate of the CSCE anniversary conference. Its concern was apparently exaggerated. All things considered, the reverberations on it at the Ottawa conference were few. Not a word of reference was made to Helsinki in the final speeches.

#### Norwegian Paper Partly Retracts

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 85 p 9

[Article by Vesa Santavuori]

[Text] Oslo—"Perhaps Finland did not behave in a cowardly fashion after all" at the Ottawa human rights conference, the conservative newspaper AFTENPOSTEN, which is close to the nonsocialist Norwegian Government, headlined its Wednesday front page article.

This gives the impression of being a polite apology since in its Tuesday lead article AFTENPOSTEN had reported that "Western sources" at the Ottawa conference had criticized the conduct of the Finnish delegation at the human rights conference as being cowering and cowardly.

In Norway the word cowardly (ynkelig) has a particularly strong disparaging ring.

According to the AFTENPOSTEN Wednesday article, Norwegian Foreign Minister and Secretary of State Torbjorn Froyshnes had emphasized that the word "cowardly," used by the Western sources, "is not to be found in the Norwegian delegation."

As for AFTENPOSTEN's editorial staff, they did not consent to disclosing on Wednesday whether those Western sources were in Europe or on the other side of the Atlantic.

In its Wednesday news AFTENPOSTEN further reported that, according to the Swedish Ministry of Foreign Affairs, Finland's attempts to find a common line in Ottawa "deserve the respect of all, even though favorable results were not obtained."

AFTENPOSTEN's Finnish correspondent in Helsinki, Jan-Anders Ekstrom, further reported that the charges of cowardice were received in Finland "with surprise." "Many conference participants thanked us," AFTENPOSTEN reported Finnish delegation chairman Klaus Tornudd to have said.

## Does Not Officially Criticize

The Norwegian Ministry of Foreign Affairs also made it clear on Wednesday that in Oslo they do not at least officially want to criticize Finland's contribution in Ottawa. "No country would have been capable of achieving the compromise in Ottawa that Finland attempted to obtain when we consider the position the Soviet Union adopted there," Secretary of State Froyenes asserted.

According to him, the lack of results at the Ottawa conference is a demonstration of the fact that the Soviet Union has either toughened its policy line, "which would be a very serious matter," or made a tactical error.

"Foreign Minister Andrey Gromyko is now on his way to the CSCE anniversary conference in Helsinki to listen to how the collapse of the Ottawa conference will be characterized in the anniversary conference discussions," Froyenes surmised.

His stance gives the impression of being particularly aggressive with respect to the Soviet Union if we compare it with the liberal DAGBLADET's Wednesday lead article.

DAGBLADET — which did not go into the role played by Finland at all — was of the opinion that right from the moment they signed the resolution at the Helsinki conference in 1975 the Western countries were driving themselves into a problem situation.

"We may say that the West was guilty of a colossal amalgamation of conflicts in demanding full human rights in the form they are practiced in a pluralistic society and in at the same time accepting the East-bloc countries' one-party-led governments," DAGBLADET wrote on Wednesday.

Generally considered, DAGBLADET presented a particularly disparaging assessment of the whole European security and cooperation process. "The big conferences that stem from the Helsinki resolution are like mountains that constantly give birth only to mice. In Ottawa this time they merely squeezed out a nothing result."

## Superconservatism Still Continues to Exist

The superconservative Norwegian paper MORGENBLADET, on the other hand, has swallowed the claims about Finland's "cowardice" whole. According to the paper's number-two lead article on Wednesday: "Not only are the NATO countries dissatisfied with Finland's contribution, but also the neutral countries."

"Europe's neutral countries are not neutral on human rights issues. It would also be tragic from the standpoint of Nordic cooperation if Finland was no longer willing to commit itself to the basic democratic values, instead feeling that it was its business to promote a so-called active peace policy. In other words, it would be serving as a mouthpiece for Soviet interests. We maintain that things have not gone that far. But the Ottawa conference has raised the question," MORGENBLADET asserted.

POLITICAL

FINLAND

CONSERVATIVES' CHAIRMAN: FEUDING HURTS USSR FRIENDSHIP SOCIETY

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 85 p 11

[Text] In his Wednesday review of the situation at the latest party executive committee meeting in Helsinki, Conservative Party chairman Ilkka Suominen reported on the beginning of the summer session, weakened by political disputes. The sharpest point of Suominen's criticism was leveled at the activities of the Finland-Soviet Union Society (SNS) and the Norwegian newspaper AFTENPOSTEN in particular.

Suominen complained that SNS activities are not sufficiently aimed at meeting new challenges and acting to get young people to join in the effort.

"The SNS must be as outward-directed as possible, not turned inward, and a channel of recognizable interest in young people's friendship activities operating on the basis of different kinds of premises," Suominen said, but he also added that there was plenty of room for improvement in the Conservative Party's own action society.

Suominen felt that those articles in the chief Norwegian newspaper AFTENPOSTEN in which the paper recently criticized Finnish Government actions at the human rights conference that is part of the CSCE process and which was held in Ottawa were in bad taste. According to Suominen, Finland worked as a coordinator conscious of its obligations at the conference.

Marginal Tax in Need of Reform

Suominen reported to the new executive committee, which serves as the party's top decision-making body, on the Conservative Party's next marginal tax reform without blinking an eye. "There is no sense in the fact that it is estimated that this year nearly a million wage-earners are already paying at least 50 percent in marginal tax," Suominen said.

He labeled Social Affairs Minister Matti Puhakka's (Social Democrat) statements about the asociality of a marginal tax rate limited to 50 percent as idle chatter and reminded us that reform of the marginal tax is considered to be the key object of income tax evolution in the Finance Ministry's own programs.

The new party executive committee elected over a week ago at the Turku party congress chose two vice chairmen for itself. Maija Perho-Santala of Turku was elected second vice chairman.

Arne Jussi Vasunta of Kainuu and Reijo Taittonen of Vahakyro opposed one another in the second chairman election.

Forming themselves behind Vasunta were especially development area Conservatives who were looking for compensation through the election of the executive committee vice chairman for having lost out in Turku with their own candidates in the party vice chairman election.

They did not obtain compensation on Wednesday and Taittonen won with the support of the big Conservative districts.

The executive committee also elected a party administration whose professional members probably reflect a cross-section of the party's most loyal supporters. Doctor, manager, department head and member of Parliament crop up as the professional titles of the 11 members.

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POLITICAL

FINLAND

# PAPER PONDERES CASE FOR JOINING EUREKA PROJECT

Helsinki HELSINGIN SANOMAT in Finnish 3 Jul 85 p 2

[Editorial: "Eureka Interests Finland Also"]

[Text] The "constitution" of the European Community, EC, is known under the name of the Rome Agreement. Its ambitious goal was an economically and politically united Western Europe. The EC was originally created as a joint organization of six countries and next year will expand to be an association of 12 countries, but its life has been a path of differences and crises. It is still far from its goals even though much has been achieved. The member countries have not subordinated themselves to the majority decisions prescribed by the Rome Agreement, but even insignificant decisions have had to be made unanimously.

Western Europe continues to be economically fragmented also. It has fallen behind the United States and Japan particularly in the development and exploitation of high technology. The reason, however, is not merely in the fact that important economic decisions in Western Europe are still made on a narrow national basis, within the EC also. Positions have even otherwise remained conservative and industry is to a great extent obsolete. Growth capacity has become weak and unemployment grows alarmingly.

After difficult experiences the EC's "old members" have unanimously arrived at the conclusion that the nearly 30-year old Rome Agreement is in need of revision. Its statutes on supranational majority decisions are still too demanding even for the newer member countries. France, which has exercised its right of veto the most over the years, went along with the majority decision at the Milan summit meeting last week, in which the task assigned to the conference was to deliberate proposals for introducing changes to the Rome Agreement.

The conference, which was convened by a majority decision, does not have any chances of succeeding. Indeed, the changes to the Rome Agreement require unanimity, for which the conditions do not exist at this time. The English have already definitely announced in Milan that the conference is a waste of time. In their opinion, cooperation can be made more effective without majority decisions and changes to the organization's fundamental regulations.

However, the Milan summit conference did make some unanimous decisions which could have a perceptible effect on the economic future of all of Europe. Such was the decision made about a joint high-tech research program. Countries outside of the EC may also participate in the program. Finland has not yet been invited to attend the meeting concerning this Eureka program, but there is reason for our country to make certain that we are not left on the sidelines. The Eureka program is an important means for Finland to remain abreast of technical development.

The EC-member countries will not have an opportunity in the near future to accomplish major joint decisions in issues in which they are in mutual disagreement. However, there are also many issues in which they are capable of reaching unanimous decisions. Technical research and its exploitations are felt to be a common challenge because of the overwhelming competition from the United States and Japan. Western Europe has experienced defeats, and they do not just concern EC-countries.

The EC has frequently appeared in the name of all of Western Europe. Now that it is giving an opportunity for other countries also to participate in this important project, it is possible to benefit from it.

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POLITICAL

FINLAND

# MAIN CP NEWSPAPER CUTTING BACK TO FIVE ISSUES PER WEEK

Helsinki HELSINGIN SANOMAT in Finnish 4 Jul 85 p 23

[Text] KANSAN UUTISET, the chief organ of the SKDL [Finnish People's Democratic League] and the SKP [Finnish Communist Party] plans to resolve its financial difficulties by reducing the number of times it appears from 6 to 5 days a week. The reduction will go into effect at the beginning of next week if the recommendation of the paper's management is passed by the KANSAN UUTISET board of directors and the administrative council.

KANSAN UUTISET's VIKKOLEHTI issue will probably be changed from Saturday to Friday so that the eliminated issue will be an ordinary KANSAN UUTISET daily issue.

According to chief editor Heikki Korhonen, the cuts are due to increases in distribution and printing costs as well as pressures created by old debts.

Printing expenses will rise at the beginning of next week when Yhteistyo Oy [Cooperation Company] will probably raise its rates considerably. Furthermore, KANSAN UUTISET is burdened with old debts the settling of which, according to Korhonen, will take another couple of years. He nevertheless stressed the fact that the savings in cost obtained from the reduction in number of issues will not be a very big one, at most about an eighth of the paper's expenses.

KANSAN UUTISET is also burdened with distribution problems. For reasons of cost the paper has in part switched from early mail delivery to afternoon delivery in its distribution. This has happened in Lahti, among other places, where the Post Office decided to sharply increase early mail delivery rates. The Post Office's broader plans for increasing rates to correspond to costs have, however, so far been shelved.

"It's obvious that switching to afternoon delivery will affect circulation. What sense is there in a morning paper that reaches homes in the evening?" Korhonen wondered.

"We will try to continue to be a newspaper in spite of appearing on a 5-day basis. We'll fill it with better quality material than before," Korhonen promised. According to him, editors will no longer be resigning.

According to Korhonen, reducing the number of issues will cause the paper's circulation to plummet because many KANSAN UUTISET subscribers also read the main local newspapers and are not to that extent dependent on KANSAN UUTISET news issues.

"The value of KANSAN UUTISET nevertheless lies elsewhere than in news," Korhonen emphasized.

#### SUOMEN SOSIALIDEMOKRAATTI Considering Monday

In cutting the number of issues to five a week, KANSAN UUTISET is going the same way SUOMEN SOSIALIDEMOKRAATTI and SUOMENMAA have. These two also appear five times a week, only from Tuesday to Saturday. So the Sunday edition will still be a burden on KANSAN UUTISET's finances.

SUOMEN SOSIALIDEMOKRAATTI has for a long time now been considering terminating its Saturday edition and shifting its fifth issue to appear on Monday. Specifically, distribution of the Saturday paper is difficult; about 3,000 copies do not reach subscribers before Monday, news chief Juhani Leskinen told us. Shifting the day of publication would, however, create additional expenses and that is why they are only considering it.

A little over a year ago SUOMEN SOSIALIDEMOKRAATTI effected a reform of the paper by turning the Friday edition into a weekend magazine like KANSAN UUTISET's VIKKOLEHTI. It was high time for a reform since the paper's circulation had dropped at a record rate before the reform. Now, according to Leskinen, they have managed to stop the drop in circulation and circulation is even slightly on the rise.

Financially, SUOMEN SOSIALIDEMOKRAATTI is still living "in scarcity," as Leskinen described it.

#### SUOMENMAA Relies on Its Old Policy

According to chief editor Seppo Sarlund, the Center Party's chief organ SUOMENMAA does not intend to institute any major reforms in the near future. According to Sarlund, they had considered switching one publication day from Saturday to Monday, but Saturday has proven to be a better day than Monday because, among other reasons, Friday is a lively day in politics.

There will be a big change in the distribution of SUOMENMAA next winter when the paper switches entirely to afternoon mail delivery. This will represent savings of about a million markkas a year for the paper.

At SUOMENMAA they had also considered the possibility of a weekly-style weekend edition, but the idea was proven to be too commonplace now, Sarlund told us. In the near future they intend to increase the capital stock of the Maakansa Company, which publishes SUOMENMAA, from 270,000 to as much as over 6 million markkas if a demand for new shares can be found. They plan to use the money to consolidate debts and develop activities.

During the next few years they will also have to settle the question as to whether SUOMENMAA will continue to be printed with their own machines or whether they become a customer of another press. The fact is that the old machines are wearing out.

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POLITICAL

FRANCE

DE LA GORCE EXAMINES MITTERRAND FOREIGN POLICY RECORD

Paris POLITIQUE AUJOURD'HUI in French Mar-Apr 85 pp 9-13

[Article by Paul-Marie de la Gorce: "Four Years of Foreign Policy"]

[Text] Four years after Francois Mitterrand's election as president of the Republic it would not be amiss to try to evaluate his foreign policy, to describe its thrust and to measure the currents of public opinion that support or oppose it in the majority or opposition. However, the task is not an easy one, because the new president of France has pursued a complex foreign policy. We shall therefore endeavor first to follow it step by step, if only to point out its contradictions, and then we shall offer a general analysis that will be in any event provisional and subject to revision.

Four Stages

There have been four stages in the history of French foreign policy since 10 May 1981. The first stage began almost immediately, with the first Pierre Mauroy government; when Communist ministers were appointed following the legislative elections they were faced with an accomplished fact that they could not undo. In any case, the government immediately struck out in a direction different from the options of the preceding administration. The new government broke with the previous, cautious policy and publicly came out in favor of the deployment of American Euromissiles in Europe. It let it be known that France rejected any contact with the Cambodian government in exile and its obvious preponderance of Khmer Rouges but would not recognize the Phnom Penh regime. It reiterated an even more severe and categorical French condemnation of Soviet intervention in Afghanistan. But at the same time it showed its intention of establishing full and friendly relations with Algeria, remaining strictly neutral in the West Saharan affair, and organizing French Third-World policy around three axes: India, Mexico and Algeria.

The Ottawa conference of July 1981 provided another occasion to set forth new French positions. True, there were some differences between Paris and Washington concerning Israeli shelling in Beirut; France wanted a clearer and sharper condemnation than the United States would accept, but especially evident was a broad range of views shared by France and the United States on East-West relations. It was decided to reactivate COCOM and this was to be the starting point for more active and imperious

U.S. intervention in general trade relations between Western and communist countries. At the same time, the minister of Foreign Relations, Claude Cheysson, said "there would be no normal relations between France and the Soviet Union" as long as the intervention in Afghanistan continued, and he even said it meant giving up the French-Soviet "summits" that had been held regularly since Gen De Gaulle's visit to Moscow in 1966. There was no hope in sight for an early end to the conflict in Afghanistan, and that obviously meant that a lasting freeze in French-Soviet relations was setting in.

At the same time, another new course was being followed in French foreign policy. Francois Mitterrand, representing France at the first meeting of European Community heads of state and government, took the initiative to do away with the "European approach" that had come out of the "Venice declaration," even though both the approach and the declaration were due largely to previous French diplomatic activity. This sudden shift foreshadowed the long-term weakening of Europe's role in the Near East and was especially noteworthy because the Bloch-Laine Commission, which the new government had charged with evaluating the policy of the previous government, had thought it a positive development that France had brought the entire Community into a common Near East policy that included the recognition of the rights of all nations in the region, including Israel, to independence and security as well as the Palestinian people's equal rights to self-determination, with all that that might imply.

Francois Mitterrand himself, at his first Elysee press conference, unhesitatingly admitted that a Palestinian state was necessary and desirable, although he hesitated over its location--"in Jordan or somewhere," but, contrary to his predecessors' steadfast opinion, he openly expressed doubt that a general settlement of the Israeli-Arab crisis was possible.

#### A Strong, Clear Shift

This was clearly a new foreign policy. The French president's eloquent speeches in Mexico City and Cancun, where he described his Third World policy with his well-known lyricism, gave the inescapable impression that he was making a strong, clear shift back to Atlanticism, against which the "Third-Worldism" of some official or semi-official statements seemed secondary or purely pro forma. This can be seen in the Polish affair, where, although the Soviet army itself did not intervene, France held the USSR directly responsible and coordinated its actions with the member countries of the Atlantic alliance. It can also be seen in the case of the Falkland Islands, where France openly supported England in a matter that the Third World saw only as a new episode in the history of decolonization. And in the matter of Spain's joining the Atlantic alliance, which Paris unhesitatingly supported. And in France's rejection of any sanction against Israel after the bombing of Tammuz even though France's scientific and industrial relations with the Arab countries were jeopardized and one of its citizens was killed, or after Israel annexed the Golan heights.

In fact, this general shift of French policy, in the first stage, culminated in the Versailles "summit" in early June 1982 when, amid the pomp of receptions, spectacles and banquets, the spectacular renaissance of the Western "bloc" could be seen.

But on the very day the summit ended, war broke out again in the Near East, and for French policy it was the beginning of a second stage that seemed largely to counterbalance the first one. After some waffling, France condemned the Israeli offensive in Lebanon and soon separated itself radically from American policy, which directly or indirectly supported the Israeli government throughout the war. France in particular tried to use the crisis to promote a general settlement of the Israeli-Arab conflict and again succeeded in rallying the European nations to the twin recognition of the rights of the nations in the region to a secure existence and the Palestinians' right to self-determination and the founding of their own state. France joined with Egypt to pass a UN Security Council motion to this effect, which the United States vetoed, and, when the time came, France acted diligently and effectively to save the PLO leaders and soldiers were forced to leave Beirut. True, the unfortunate, hurried retreat of the French contingent in charge of supervising the Palestinians' departure was explained by the hasty pullback of American troops. The Sabra and Chatila massacres proved what a mistake that was. At least Francois Mitterrand reacted by immediately sending a new force and making statements that restored to French policy the image it had had in prior years.

Another occasion arose to shape the character of French foreign policy after 1981: the Siberian gas pipeline and the purchase of Soviet gas. It was the result of agreements negotiated when Raymond Barre was minister of Foreign Trade. He took a very strong position in favor of the agreement between Paris and Moscow and courageously separated himself from the attitude then taken by the opposition parties. The government felt that the contracts were in France's interest and, despite strong U.S. pressure, the minister of Research and Industry, Jean-Pierre Chevenement, saw to it that the project was carried out.

For a while this second phase made it seem as though emphasis would be placed, as it used to be, on the independence of French policy, but it was soon followed by another phase, whose main thrust was different. First, in the Near East, French diplomacy decided that nothing should be done that might hamper American initiatives. This behavior was rather paradoxical, because the principles on which Europeans would base a Near East peace settlement were the opposite of those motivating U.S. diplomacy. Europeans affirmed Palestinian rights to self-determination and the founding of a state of their own, while Washington kept silence on the subject of self-determination and excluded any prospect of a Palestinian state.

#### Commitment to Euromissiles

Actually, the chances of a peace settlement were slipping away even as the PLO leadership formally and irrevocably committed itself to a strategy of negotiation. But at the time, French foreign policy was dominated by Francois Mitterrand's coming out spectacularly and uncompromisingly in favor of deploying U.S. Pershing II and cruise missiles in Europe. He explained that the purpose was to reestablish a balance in the European theater that had been upset by the USSR's supplementing its conventional capability with the deployment of its SS-20 missiles, and that France could not ignore it. He became the most ardent advocate in Europe of installing U.S. Euromissiles.

However, many reasons would have justified quite a different attitude. France would not accept any Euromissiles on its own soil, and it was a bit paradoxical to see France urging other countries to agree to take them. Strategic nuclear missiles such as the Pershing II and cruise are not instruments of French strategy--which remains that of nuclear deterrence--and it was probably inconsistent to argue in favor of an arsenal that served a strategy that France did not subscribe to and did not want to be involved in. And it was dangerous for France to seem to be completely committed to an East-West balance while it continued to insist, and rightly so, that its nuclear forces be considered exclusively its own, as constituting a "central system" and as being of a different kind than intermediate-range strategic nuclear weapons. Moreover, Paris's categorical commitment to the U.S. Euromissiles soon began to have consequences. While the Soviet Union had hitherto considered France's strategic independence to be a positive factor and had merely made pro forma references to the existence of French and British nuclear forces, it now demanded that they be taken into consideration at the U.S.-Russian Geneva talks and that they be used as scale to measure its own strategic missiles.

The evolution of French policy seemed to climax at the Williamsburg summit. A declaration on security by the Seven stated that "the security of our countries is indivisible and must be viewed on a global basis." It also proclaimed the complementarity and even the strategic identity of the signing countries; it somehow included Japan in NATO and the European and Asian theaters in a unity that depends essentially on the United States for its political options and strategies. Semi-official explanations were issued in a vain attempt to make it seem as though the French delegation had obtained significant amendments to the U.S. proposals; the summit's final communique showed that all the signatories, France included, rallied to the narrowest and most orthodox conception of Atlanticism.

It might then have seemed that French policy was going to slip farther in this direction and that it was even exposed to the danger of getting alarmingly out of hand. Such dangers appeared on three occasions. France intervened in Chad on the side of Hissene Habre's regime a bit later than the United States would have liked, but the intervention pitted France against Libya in a manner suiting the wishes of U.S. diplomacy, which is even eager to use all forms of confrontation against Col Qadhafi. In the conflict between Iraq and Iran, a near break with the Iranian regime led to exclusive and open support of Iraq once former president Bani-Sadr had arrived in France. The French move can be explained by a fear of having French nationals in Iran exposed to the fate of the U.S. diplomats in Tehran, instinctive hostility to the religious fanaticism of the Iranian regime, idle speculation about the supposed fragility of the power of Ayatollah Khomeini and, probably, the desire to balance Franco-Israeli rapprochement with sizable aid to an Arab country--in this case, Iraq.

#### Loss of Control Threatened in Lebanon

Especially after the delivery of the Super-Etendards and their Exocet missiles from the French navy, France found itself in a position that was close to an armed alliance with Iraq against Iran. The consequences would be felt in the third case, where French policy was threatened with severe



loss of control. In Lebanon, the Shi'ite community sympathized with the Iranian revolution. In any event, the French contingent in Beirut was involved in Lebanese confrontations in the fall of 1983. It was not immune to the exchange of attacks, and the attacks on the French, whether they were mistakes, provocations or deliberate assaults, called for a response that risked having France side with the Gemayel government, with the Phalangists, who were its only supporters, and with Israel, which was allied with the Phalangists and the United States. The reprisal raid on Baalbeck tragically illustrated the violent dilemma into which France was being drawn, especially since France had hitherto always condemned such reprisals. It is understandable that Maurice Couve de Murville then referred to it as the "mistake of Baalbeck," even though he was alone in opposition.

### Righting Balances

At the end of this third stage, French policy seemed to show quite a different face from what might have been expected in 1981. It was closed to any dialogue with the East, was mobilizing Europe over U.S. Euromissiles, integrating itself politically and strategically to the hilt in the Atlantic alliance at the Williamsburg summit, and risking military involvement at any moment in Africa and the Near East. However, this image was soon to be blurred in the following state, where the balances that had previously been maintained with such difficulty were reestablished to some extent. Three months after Williamsburg, Prime Minister Pierre Mauroy, in a speech to the Institute of Higher Studies in National Defense, took an opposite tack to the recent summit and rejected any "globalization" of the West's behavior toward the East and any "strictly East-West reading of any conflicts."

In Lebanon it was announced that France wanted to be on good terms with all the political forces in the country and admitted that Syria had an important role to play in that country. The French contingent was thus able to withdraw in a climate favorable to Franco-Lebanese relations, and these relations were thereafter regular and suitable to the new Lebanese national union government.

In Chad, an agreement was reached on the simultaneous withdrawal of the French and Libyan forces. Bitter polemics about Libyan units' being maintained in the northern part of the country unfortunately prevented a complete normalization of relations between Paris and Tripoli. France was at least able to shake off its exclusive support of the Hissene Habre regime, and Francois Mitterrand himself finally admitted that this regime was provoking not only dissidence in the North but also revolt in the southern provinces.

When the Grenada invasion occurred, France condemned U.S. intervention as it had the invasion of the Dominican Republic 9 years earlier. Finally, Francois Mitterrand decided that the time had come to go to Moscow. As it happened, the preparation and performance of his visit was such that it could not be called a political success nor bring about any improvement in Franco-Soviet relations. Afterwards, however, the French president mentioned in a television interview that France had a permanent interest in its



relations with Russia and that nothing would stand in the way of improving them once nuclear forces in Europe had been brought back into balance. He decided to attend the state funeral of Mr. Chernenko and meet Mr. Gorbachev, although he had not gone to Mr. Andropov's funeral.

The history of these 4 years and stages shows both France's obvious commitment to Atlanticism, which it had rejected for some 20 years, and the limits France intends nonetheless to put on this Atlanticism, a policy that was sometimes flamboyant, sometimes discreet. Obviously it cannot be understood or analyzed without referring to the military, economic and political facts of French foreign policy. The weakening of the Communist Party explains to some extent why this development met with so little opposition. It was known to one and all, as long as Communist ministers were in the government, that the Communist Party approved of none of the newer and more significant developments of Francois Mitterrand's foreign policy. But it was also clear that the break between Communists and Socialists could not take place on an issue of foreign policy as long as the Communists were afraid that the Socialists might challenge their ties to the Soviet Union. The result was a 3-year silence or impotence on the part of French communists, and many took it as a kind of general consent for the apparent benefit of the new French Atlanticism.

Not that it received much approval from many Socialists who had often been scarred by the memory of campaigns against the U.S. war in Vietnam, who felt some solidarity with the Third World and who were spontaneously hostile to the overwhelming dominance of the United States. But their hands were tied by the fact that all their leaders were in the government and by their party's inherent discipline. Most were resigned to the renewal of the Atlantic alliance and the Cold War and let themselves be drawn into justifying it by their condemnation of the Soviet regime and their "anti-totalitarian" spirit.

#### The Opposition Raises the Atlantic Bid

One might have thought that the opposition parties, which had for so long supported the previous independent policy and particularly those that had been identified with Gen. De Gaulle's foreign policy, would condemn the developments that had ensued since 1981. Quite the contrary. Most of the opposition leaders raised the ante on the new Atlanticism of French policy or else approved of it and criticized the government not for having chosen it but for not being even more committed to it than it was. This is probably due to the political options of the 20 years preceding the election of Francois Mitterrand, options that had some social and political groups supporting an independent, anti-Atlantic foreign policy when they really did not approve of it. This is also probably due to the Cold War fever that has dominated all the Western countries since about 1979. Whatever the reasons, the critical stance taken by men such as Maurice Couve de Murville, Raymond Barre, Pierre Messmer or Yves Guena is an exception to the pro-Atlantic unanimity that prevails in opposition circles.

The economic conditions under which French foreign policy was conducted in 1981 have certainly been unfavorable to this policy and its independence of action. Political independence cannot with impunity be associated with

the financial and monetary dependence resulting from both the practices of the international monetary system and France's foreign indebtedness. On the other hand, though, the strategic and military aspects of French policy have probably been the most noteworthy guarantee of its independence. The choice of national nuclear deterrence as an instrument of national security had its own logic, which forced itself upon all the successors of Gen. De Gaulle and, in particular, Francois Mitterrand. Rather than let them decay and lose their credibility, France has had to maintain its strategic nuclear arsenal in constant readiness, and the 4th president of the 5th Republic has not failed to do so. This arsenal can be used only for France and its vital interests by the decision of a single man, the president of France. The responsibility cannot be shared with any other power or person. Francois Mitterrand summed it up in a striking phrase: "I am deterrence." The result was that in its general outline French policy could not be changed, and it was not. The greatest orthodoxy prevailed even in defining the doctrine for using the tactical nuclear weapons that are now called "prestrategic," and this set French doctrine strikingly apart from that of NATO. It is therefore natural that France should have immediately displayed its apprehension if not its hostility to the U.S. plan for an antimissile defense system in space.

What is certain is that the French foreign policy of the last 4 years cannot be separated from an international context marked entirely by the second Cold War of our time. French policy might have opposed this Cold War, combated it in its own way, denounced its spirit and methods, and embodied a desire to create a new era in relations between nations and peoples. It has not done so, preferring to go along with the new Cold War and accept, at least to some extent, its restrictions and conformity. Yet it has endeavored with some merit and determination to open some breaches here and there through which a new spirit could make its way into international relations.

Hence the evaluation that may be made of that policy today: mediocre and disappointing for some, reasonable and reassuring for others, but heavily marked, in any case, by the spirit of the times.

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POLITICAL

NETHERLANDS

IKV'S FABER ON CONTACTS WITH CDA, EAST EUROPE

Rotterdam NRC HANDELSBLAD in Dutch 29 Jun 85 p 3

[Article by Hubert Smeets: "Faber Pessimistic About Blocking Missile Siting"]

[Text] Amsterdam, 29 June. The contacts between the CDA (Christian Democratic Appeal) and the IKV (Interfaith Peace Council) are more strained than ever. Following the decision of June last year which tied the siting of 48 cruise missiles to actions of the Soviet Union, the Christian Democrats are trying to keep their distance from the IKV.

At the International Congress for Nuclear Disarmament in Europe -- the END Convention -- which is scheduled to take place in Amsterdam (The Free University) beginning Wednesday of next week through Saturday, the CDA will be conspicuous by its absence. At the politicians' forum, PvdA (Labor Party) leader Den Uyl and VVD (People's Party for Freedom and Democracy) member of the Second Chamber dr. ir. (Dr. Engineer) J.J.C. Voorhoeve will be present. This week the CDA reacted negatively to a request by the organizers to send either Prime Minister Lubbers, Party Chairman De Vries, or Defense Specialist Frinking to represent the CDA.

According to General Secretary Mient Jan Faber, it is easier to discuss cruise missiles with the VVD than with the Christian Democrats. "For the CDA, the siting of cruise missiles is a foregone conclusion. The 1 June decision was a compromise permitting opponents some room for maneuver. But the leadership at Defense, De Ruiter and Van Houwelingen, and the Second Chamber members have avoided the matter completely. They have mishandled the issue thoroughly. The decision has been muddled."

Consequently, the IKV is pessimistic about the possibility for blocking missile siting on 1 November, the date set for beginning the count on the number of additional SS-20 missiles which the Soviet Union may have sited during the past year. "But," Faber asks, "what can we still do except organize a citizens' petition which will have to yield an impressive result? The chances for achieving this result are not terribly good."

Actually what is awaited are the elections and the possible return of the PvdA to the government. Faber: "The PvdA can only stop the cruise missiles by getting into the government. Also, compromise formulas can still be found after 1 November. At the moment they are showboxing about an all or nothing proposition. But then it becomes a matter of party politics and the IKV can do little more than observe developments."

## A Hard Blow

"How do we get (the petition) moving one more time? Now that it looks as if siting will be automatic, something along a broad front must be launched. The citizens' petition failed because it fell short by one million signatures." The churches will have to play an important role. But they (the churches) let it be known that they don't want to get involved. When back in 1878 signatures on a petition against the liberal education law were solicited, there was a petition list ready for signature in every church. That is not going to happen now."

According to Faber: "The Synod of the Reformed Church doesn't want to give an opinion about the cruise missiles now because it has already expressed its point of view on this issue, and it believes that the signing of a petition is simply a private matter. That was a hard blow to us. I believe this is unacceptable once a course of action has been chosen. In 1983 the Synod gave solid reasons for its opposition to the missiles."

It is not difficult to explain this attitude of aloofness in his [Faber's] view. "Everybody is sick and tired of this matter which has already dragged on for 8 years. Time is one of the most important power factors. If one can be patient. Our democracy apparently offers no other alternative but to wait."

The IKV is grasping at another straw -- the END Convention. It is not without reason that it (the Convention) is being held in the Netherlands. The Peace Council hopes that in this way both the Netherlands and its unique position (on the missile issue) within NATO will again become a focus of interest which will put somewhat increased pressure on the government before 1 November. The IKV General Secretary said: "It has to be made clear from all parts of the world that the divergent point of view of our government is of great importance."

The Peace Movement is not a fleeting phenomenon whose task is limited to being an outlet for humanity's fear of the bomb from time to time. Therefore, the IKV, for years, has placed considerable value on doing more than merely agitating against the cruise missiles. In the Federal Republic and Italy the Peace Movement collapsed because they had concentrated entirely on the siting of the Pershings. In Great Britain the fire has died down also. Faber warns: "There is the risk that we in the Netherlands might also create a similar sub-culture which could last for tens of years but have no influence on society."

This fear works as one of the incentives for the Council's focusing more than ever on East Europe. Until now IKV policy has always been to keep on friendly terms with independent groups in socialist countries. That brought limited results. The Soviet Peace Committee has cut loose and won't be coming to the END Convention in Amsterdam. Official peace activists will only be coming from Hungary.

However, contacts with "dissident" groups such as the Charter '77 of the Moscow Faith group have become less difficult lately. After the END Convention the IKV can still go to Prague to attend a congress of the Christian Peace Conference, an international forum which always complies with the wishes of the socialist countries. The Peace Council wanted to send its chairman, Prof. Jan van Putten and Mient Jan Faber. Although Van Putten got a visa, his general secretary did not.



POLITICAL

NETHERLANDS

#### DUTCH POLICY TOWARDS SURINAME MARKING TIME

Rotterdam NRC HANDELSBLAD in Dutch 3 Jul 85 p 7

[Article by Andre Spoor: "Waiting For Bouterse's 'Evil Empire' to Collapse"]

[Text] Until 8 December 1982, many in the Netherlands looked upon the Surinamers as a gentle people. In contrast to other members of the human race they didn't commit murder, but were kind to each other. Of course, there was corruption in the newly independent state, and in 1980 democracy was abolished--but this also had occurred without bloodshed.

On 8-9 December, fifteen opponents of the Bouterse regime were murdered in a gruesome way. Direct involvement of the political and military leadership seemed irrefutable. Suriname society, a tropical Utrecht, fell into a state of rigor mortis. Suddenly the new Suriname reality took on a very different face: arbitrary actions, tortures, disappearances were an every day occurrence.

In the Netherlands there was shock, but above all, indignation. The notion about a gentle Suriname had to be abandoned. So too the notion that we had given independence to Suriname using a model decolonization process. Moreover, the indignation was supported by those groups in Dutch society who, after getting to know the one third of the Suriname population that had made its way to the Netherlands before independence, now became convinced that the Surinamers were not gentle at all; that, on the contrary, there was something seriously wrong with their fellow compatriots.

The Dutch Government, supported by a popular consensus, reacted to the December murders by suspending development aid that had been agreed to by treaty. Of the 3.5 billion guilders agreed to during the independence negotiations, a temporary hold was put on 1.6 billion guilders. The Hague will not resume aid disbursements until steps have been taken toward democratization and improvement is made in the human rights situation. This is what Minister Van den Broek impressed upon Commander Bouterse when both men talked in Brazilia a short time ago.

Is this a sensible policy? And if not, is there an alternative? Only a very frustrating answer to this question seems possible: looking back, Dutch policy has shown itself to be rather ineffective, but it is difficult to come up with a dramatic alternative.



Why ineffective? Because the policy doesn't seem to be able to achieve its goal--a goal which is certainly not easy since Dutch leverage was used up immediately during the first surge of indignation. Ultimately, The Hague could have had a very effective and influential role to play in the Suriname arena with this amount of money. However, having frozen the amount (of development aid), such a role is now impossible; which is especially unfortunate because the Netherlands is probably not confronting in Suriname a grim and efficient rule by terror, but rather a diffuse situation in which Bouterse and his clique are demonstrating impotence rather than excessive abuse of power.

At any rate, analysis points to the military police as indulging in torture and arbitrary behavior more on its own than on orders from the less than commanding Commander; and that in general, Bouterse will have to compromise with different power groups to stay in power.

If this picture is correct, then the impotence to which Dutch policy has condemned itself is even more glaring because an effective policy would have been possible in the above situation. To be sure, it would have been a policy of interference, but such a policy is also being followed now, given the demands put on the Suriname Government for resumption of the aid which is still outstanding.

It is especially unfortunate that the Dutch have eliminated themselves since there are hardly any other states in the world showing any interest at all in Suriname. To be sure, Brazil in 1983 took the trouble to needle Suriname that it was unhappy with the Cuban influence in Paramaribo. To which Bouterse reacted by expelling Ambassador Cardenas and most of the other Cubans at the very moment that the U.S. invaded Grenada. But the large neighboring country (Brazil) especially at this moment is experiencing its own internal problems, so that it is able to give little attention to the internal problems of Suriname.

The Americans also do not have a broad interest in Suriname. They look at Bouterse and his entourage through a microscope which only registers how many politically red corpuscles are present in the object under study. What they see they often don't like because in Suriname, due to a lack of funds, there are hardly any western press services and news reports about, for instance, Central America, often take on a Nicaraguan flavor. But they are not very disturbed in Washington because Cuba is no longer active in Suriname following the Grenada crisis debacle. It seems that Castro has only contempt left for Suriname.

As a result the Netherlands remains for Suriname the most important foreign power, even if the Dutch-Suriname bilateral relationship is stalemated. Stalemated because Dutch unwillingness to move is answered by a Suriname policy towards the Netherlands which consists of irritation about Dutch media coverage and of an unconstructive unwillingness to do anything that could be interpreted as bowing down to the arrogant Dutch.

Would it not be better if the Netherlands were to lift the suspension on aid, and despite the December murders, constraints on the press, tortures, corruption, arbitrary action, and economic chaos, resume the flow of aid but with strict controls over the projects to be financed? If this were done, Suriname would not be the first country to which the Netherlands is giving aid despite human rights violations. And The Hague would probably be able to help bring about real improvements in Suriname.

However, it couldn't be done without problems. This is so because, as Sytze van der Zee reported only a short while ago, practically no one can be found in Suriname itself who advocates a resumption of aid. It seems that they are firmly convinced in Suriname that the funds would fall into the wrong hands and would only assist the Bouterse regime which has now become very unpopular.

A dramatic alternative to the current policy of holding up on aid is consequently not in sight. But anyone who seeks an easing of the situation and who doesn't just want to wait until Bouterse's "evil empire" collapses, could perhaps put at the head of the list of priorities in relations with Suriname the lifting of the suspension of aid. Keeping in mind that revitalization of the development relationship is an absolute condition for effectively carrying out the policy on human rights which is now on top of the list.

Minister van den Broek is perhaps already setting a course in that direction by his efforts to increase options in Suriname policy. But there isn't much eagerness to join him in that course and, by himself, he can't and won't go further.

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POLITICAL

NORWAY

# CHRISTIAN PARTY LEADERS CITE BENEFITS OF COALITION, PLANS

Oslo AFTENPOSTEN in Norwegian 20 Jun 85 p 3

[Article by Ole Johan Nilsen: "Mostly on the Plus Side"]

[Text] "The period of government responsibility brought results for the Christian People's Party. There is a predominance on the plus side in our political balance sheet," party leader Kjell Magne Bondevik said during a press conference on Wednesday. With a non-socialist party victory in the fall he did not believe there would be significant changes in the distribution of power within the government. It is expected that the party will join with approximately ten in a coalition, all with the Center Party.

"There are not many counties where there is something to gain by a possible coalition with the Conservatives," Bondevik stated. Besides, in some places there is a certain opposition within the party against such a cooperation.

The coalition policy was the main subject at the press conference. Bondevik promised that during the summer the party will present a detailed political accounting where the results will be measured against the program that was presented for the election in 1981. However, he revealed a few main points now:

Development aid will be increased by 2 billion kroner to 5.5 billion. The Norwegian economy has become healthier with inflation cut by more than half, reduced unemployment, more places for students in continuing education schools (approximately 35,000), a strong increase in child support, a Christian purpose paragraph in the kindergarten law and new laws for adult education centers, and private schools were the main items in the upcoming political report.

In a coalition after the election the party's priorities will be the family, increased efforts in the health and social sectors and the offer of an education or work for everybody.

The party's parliamentary leader Harald Synnes also stated that the coalition has yielded positive results. However, the Parliament period has placed the

party before a difficult choice," he said. "Less turmoil".

"The support role in the two first years was laborious and created conflicts. Neither have the two last years as governing party been free of problems. In retrospect it must be said that some of the episodes could have been handled with less political turmoil. But the conclusion is that the cooperation in the course of this period has taken on consistently more reliable and more secure forms," said Synnes.

Both Synnes and Bondevik expressed satisfaction with the development of the Norwegian policy towards the American space weapons program. "I am pleased with Stray's active position during the NATO ministers' meeting where he committed himself against the space weapons issue being mentioned in the final communique," said Bondevik. Both he and Synnes considered Stray's policy as a step in the right direction.

"You are satisfied with the increase in foreign aid. But it is difficult to get agricultural products from abroad sold in Norway"?

"We are impatient," said Bondevik, "but the responsibility for this question now lies with the authorities". He answered the question that he will see if these were was strong enough towards the farming industry and expressed himself "not pleased" with the development of this matter. However, one must not unilaterally hit a single industry with customs reduction towards foreign countries, he added. We cannot "open the floodgates," Synnes pointed out in this connection.

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POLITICAL

NORWAY

# GRO HARLEM BRUNDTLAND FOUND BY POLL TO BE MOST POPULAR

Oslo AFTENPOSTEN in Norwegian 19 Jun 85 p 3, 20 Jun 85 p 3

[Article by Alf Seeland: "Labor Party Leader Most Popular"]

[Text] Gro Harlem Brundtland is the most popular politician in this country, with Hanna Kvanmo, parliamentary leader of the Socialist Left Party in second place. Jo Benkow is far more popular than Erling Norvik, also in his own party. Those who best unite their parties are Hanna Kvanmo and Kjell Magne Bondevik, leader of the Christian People's Party, while the Liberal Party has leadership problems in the eyes of the people. These are the results of a poll which Gallup/NOI carried out in May for AFTENPOSTEN.

This is the first time this type of popularity poll was carried out in Norway. Previously, the voters were asked about the politicians' efforts for their respective parties. The fact that Gro Harlem Brundtland tops the list must be seen in connection with her party's size and that she is the Labor Party's only candidate in the poll. This gives her a total of 25 percent and 58 percent among Labor Party's voters. Correspondingly, Jo Benkow, the Conservatives' parliamentary leader, got 14 percent, while party leader Erling Norvik got seven percent. Among the Conservatives' own voters the figures are 42 and 24 percent respectively.

## Kvanmo Strongest

If we combine the best, second best and thereafter, Hanna Kvanmo is strongest with 45 percent, while Gro Harlem Brundtland gets 41 percent. Kvanmo is also popular among Labor Party voters. Twenty-four percent put her in first place, and among the Liberal Party voters she gets almost as much support as their own party leader Odd Einar Dorum. It is also evident that among voters with a highschool or higher education Hanna Kvanmo is strongest, with Jo Benkow in second place. On the other hand, she is more popular in Oslo/Akerhus than in her own Northern areas of the country.

Except for the Labor Party and the Progress Party, all parties appear with two names on the questionnaire. As mentioned, this split was the determining



factor for the Conservatives, while in the Christian People's Party and in the Center Party there is no doubt as to who is favored: Kjell Magne Bondevik receives almost 70 percent and John J. Jakobsen 49 percent from their own ranks, while parliamentary leaders Harald Synnes and Johan Buttedahl are hardly noticed. For the Liberal Party, the split into two candidates resulted in 28 percent for parliamentary leader Hans Hammond Rossbach, while Odd Einar Dorum received 22 percent among his own ranks of voters. Almost half of the votes cast by Liberal Party's voters are distributed among leaders of other parties.

#### Female Appeal

Hanna Kvanmo receives more support from women than from men, 22 to 15 percent. The same can be said about Kjell Magne Bondevik who is preferred by 10 percent of the women and six percent of the men. For Jo Benkow it is the opposite with 16 percent men and 11 percent women. The fact that the Progress Party's leader Carl I. Hagen is preferred by almost twice as many men as women does not come as a surprise, while there is generally speaking a balance for the other party leaders.

The complete popularity list is as follows: Gro Harlem Brundtland 25, Hanna Kvanmo 18, Theo Koritzinsky 17, Jo Benkow 14, Erling Norvik 7, Kjell Magne Bondevik 8, Johan H. Jakobsen 6, Carl I. Hagen 7, Hans Hammond Rossbach 1 and Odd Einar Dorum 1 percent. As to the question best, second best and thereafter Jo Benkow is in third place, after Kvanmo and Harlem Brundtland. In forth place follows Johan J. Jakobsen, with Kjell Magne Bondevik as number five and Erling Norvik as number six. Ten percent of those questioned were not able to give any name.

#### One, Not Seventeen Percent

Due to a technical error Socialist Left Party Leader Theo Kritzinsky was credited with 17 percent in yesterday's poll of politicians' popularity. The correct figure should have been one--1--percent.

12831

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POLITICAL

NORWAY

# GRO HARLEM BRUNDTLAND ON ELECTION STRATEGY, VICTORY PLANS

Oslo AFTENPOSTEN in Norwegian 5 Jul 85 p 3

[Article by Morten Malmo: "Gro Harlem Brundtland Discloses Election Campaign Strategy: Hopes for Center Parties' Voters"]

[Text] "The policy is non-binding. The party programs are bombastic. The coalitions on the non-socialist side are such that the voters do not know whom or what they support." Thus, Labor Party leader Gro Harlem Brundtland appealed in particular to the voters of the Christian People's Party and the Center Party before the election. "A new non-socialist government could be a government on the terms of the Progress Party. This does not make it easy for the center party voters who share many of the Labor Party's opinions and who stress the districts, social security, health and welfare," she added.

This was the main message when the Labor Party leader invited the press yesterday for a "summer chat", French bread and salad in the summer garden of Stortorvets Gjaestgiveri [Main Marketplace Restaurant]. She outlined the Labor Party's alternative to the voters as follows: "We enter the election with a clear and binding program and provide clean lists in all counties.

The election is about important values," Gro Harlem Brundtland continues. "It is a matter of the direction the development of the Norwegian welfare society will take in a time characterized by isolationism and strong self-interests internationally and a strong concentration around narrow self-interests at the expense of common values, also nationally.

The election concerns our common responsibility and a common commitment to a secure future, to work, education, health, welfare and cultural development for all," she added.

## Main Airport

With regard to the ongoing airport fight Gro Harlem Brundtland pointed out that in the longer run one will not get around a main airport for the area of

East Norway, and she felt that the Parliament can take a position on that during its discussion of the next air traffic plan.

"No matter what happens, Fornebu must now be equipped properly because of the great problems today's situation creates for the passengers and industry," she said and added that a "passenger ceiling" of 5.5 million passengers per year at Fornebu must be used as a basis.

The Labor Party leader was asked whether the parliamentary election in September will bring a power shift and a new Labor Party government, what will be the first changes people will notice most, and she answered:

"The economic policy will be changed. We will carry out reforms right away so that older people from 65 on can combine work and social security. The sick pay system will be adjusted. Likewise the work environment law, but there is no rush to change the controversial paragraph 55a, and at the same time it is clear that we cannot have legislation in conflict with an ILO-convention. It cannot be that there should be an employment stop for kindergarten personnel who do not confess to the Christian faith.

Furthermore, funds for counties and communities will be increased. Housing financing will be changed. The interest in the national banks will be reduced and efforts will be made to lower the general interest," Gro Harlem Brundtland answered.

#### Oil Controversy

At her press conference the Labor Party leader strongly called upon the government to let Statoil become the operator of the gigantic oil block 34/8 which is thought to contain reserves for 500 billion kroner. She pointed out that if the government selects Norsk Hydro it could risk making a selection which does not have the backing of the majority in Parliament. Still, she recognized the government's formal right to make a decision of this kind, but criticized that such a decision must be taken one month before a parliamentary election. In response to a direct question she said that if the government selects Norsk Hydro as operator for block 34/8 in August, a possible Labor Party government will not invalidate such a decision in favor of Statoil, for instance in October. As a reason she gave that such matters are comprehensive and difficult and therefore should not be "tossed around at whim" as the political majority in Parliament changes.

"However, I am very confident that a "free vote" in Parliament will result in Statoil getting the main responsibility for block 34/8," Gro Harlem Brundtland said at yesterday's press conference.

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POLITICAL

NORWAY

## POLL FINDS HIGH DEGREE OF VOTER STABILITY AS RACE NEARS END

### Labor, Christian Party Voters Most Loyal

Oslo AFTENPOSTEN in Norwegian 25 Jul 85 p 3

[Article by Carlsten Carlsen]

[Text] The Labor Party and the Christian People's Party have the most loyal voters while those who voted for the Liberal Party in 1981 are the least loyal to their party. The impression many people have that the Progressive Party has a fairly unstable group of voters is pretty accurate. Overall, 76 percent of the voters would vote for the same party today that they voted for 4 years ago.

These are some of the things that appear in a survey conducted for AFTENPOSTEN by Gallup/Norwegian Opinion Institute. Some 82 percent of those who voted for the Labor Party then would do the same now, compared to 76 percent of the Conservative voters. Except for the Liberals and the Progressives, the June poll indicated that all other parties will retain between 70 and around 80 percent of their old voters.

### Big Swings

The figures for the Liberal and Progressive parties were 48 and 65 percent respectively. The shifts here have been extreme in relation to the May poll. Then Carl I. Hagen and his cohorts had the support of 45 percent of their old voters while Odd Einar Dorum could rejoice in a stability level of 82 percent. The opinion poll institute emphasized that the background material is weak for the Progressive Party, the Center Party, SV [Socialist Left Party] and the Liberal Party. This partly explains the big shifts in Liberal and Progressive support.

### Best for Labor and Christian Party

Over the last 5 months the parties had the following average level of party stability: Labor, 84.4 percent, Conservatives, 77.2 percent, Christian People's Party, 88.2 percent, Center Party, 73.0 percent, Progressives, 59.0 percent and Liberals, 60 percent. We see here too that the Labor Party and the Christian People's Party have the most stability and the Liberals and the Progressives have the least.

The monthly swings are great for the Progressive Party. This is reflected in the regular Gallup polls where the party fluctuates from less than 4 percent to around 7. In other words those who consider voting for Hagen's party are extremely restless in the partisan context. This underlines the special importance of the election campaign for the Progressives.

The poll differentiates between those who will definitely vote for another party and those who only might do so. In both categories the Liberal Party came in first. Some 32 percent of former Liberal voters indicated that they might vote for another party. This means that the Liberals could achieve a very satisfactory level of stability if all the waverers could be talked into returning to the fold. But 16 percent are totally lost to the party.

#### Labor Waverers

These groups are smaller for the biggest parties. The Labor Party has to use strong arguments to convince 6 percent of its voters to stick with the party while 5 percent indicated that they would definitely not vote for the party this time. The corresponding figures for the Conservative Party were 8 and 10 percent respectively.

Voter stability is fairly high in Norway, in other words. The poll did not go into where the voters who said they were going to abandon their party or might do so intended to transfer their allegiance. But 7 percent said they were sure they would vote for another party. If we assume that some of these voters know who they will vote for, we can say that around 80 percent of the voters have made up their minds. This of course is based on the assumption that those who said they will support their old party actually do so on 9 September.

#### Right Groups

Therefore the problem for most parties in the campaign is to zero in on the right groups as much as it is to bombard the voters with heavy artillery. They must find the voters that it will be most worthwhile wooing.

The background material from the poll can be of some help here. Among other things it lends some support to the thesis of Giuseppe Verdi who wrote the aria "La Donna e Mobile"--women are fickle--for his opera "Rigoletto." Only 72 percent of the women were loyal to their party compared to 80 percent of the men. This is somewhat offset by the fact that 11 percent of the women compared to 7 percent of the men were only considering changing party allegiance.

#### Young Voters

The age group under 30 was the most unstable. Politicians can with some justification turn around an old catch phrase and say: "Never trust anyone under 30."



Socialist Left Leader's Platform

JPRS-WER-85-067  
20 August 1985

Oslo AFTENPOSTEN in Norwegian 25 Jul 85 p 3

[Text] "We will continue to stick up for you. I promise you that!" That was SV parliamentary leader Hanna Kvanmo's response to a question from Gunnbjorg Olsen, Oslo 9, who wanted to know what SV can do about the difficult economic plight of single mothers. Kvanmo also pointed out that her party program calls for increased children's subsidies, the continuation of benefits until children are 18 and the elimination of child support deductions combined with a tax exemption for recipients of these payments.

Hanna Kvanmo is also at the top of the Socialist Left Party's list of candidates in Nordland as she has been in previous elections. In her reply to Gunnbjorg Olsen Mrs Kvanmo said that transitional support must also be increased to cover normal expenses for a family with young children. SV also wants to introduce legislation that will make it possible for single parents to get training and have a decent housing standard and it wants to put a higher priority on childcare and relief arrangements.

Below are some other questions that AFTENPOSTEN readers wanted to ask the SV politician.

Treholt Case

Bjarne and Mary Hero of Hokksund asked: "Stein Ornhoi's assessment of the sentence passed on Arne Treholt and the interview in the paper NY TID are the basis for this question. Is SV a threat to the national security today?"

Kvanmo replied: "SV has never been a threat to the national security and it never will be. I cannot see the connection between Stein Ornhoi's assessment of the Treholt sentence and your question. The discussion is not over whether Treholt committed a crime or not--it is the length of the sentence that is being debated. In other words, was Treholt's sentence just or not--and was the sentence motivated by other considerations in addition to Treholt's actual violation of the law? If the chief of the armed forces is right in saying that Treholt has cost Norway 'several defense budgets' to correct the damage he has done, there are other people who really are a threat to the national security, namely those who sent him to the Defense Academy."

Sten Torneskog, Oslo 1: "How else would Treholt have been detected if he had not been admitted to the Defense Academy? Would it have been justifiable to allow him to engage in espionage for several more years?"

Kvanmo: "Treholt could have been caught the same way he actually was--on his way to a secret meeting with the KGB--without sending him to the Defense Academy first. The pictures from his meetings with Titov and the Iraqi intelligence service were taken before he entered the academy. The New York surveillance had taken place. The evidence of his irregular conduct during

the ocean rights negotiations would also have been enough to convict him--or at least to end his career--if that was the only consideration, as the prime minister now claims."

#### Disability Pensions

Lars S. Seier, Oslo 6: "Will SV work to end the current practice of the authorities with respect to confiscating disability pensions if recipients are forced to stay in the hospital for more than 2 months?"

Kvanmo: "Yes, our program calls for continuing both disability and old age pensions for 3 months after recipients enter a hospital. Incidentally the nonsocialist majority in Storting favored confiscating pensions as early as 1 month after admission to a hospital. This is in sharp contrast to the desire to have elderly and disabled people remain in their own homes as long as possible. What kind of home does someone have to come back to if he does not have enough money to pay the rent while he is in the hospital? That is very unjust and it must be changed."

#### Marriage/Cohabitation

Aase Smeby, Rykkinn: "Does SV intend to include in its program a provision that married people should not fare worse economically than people who are living together when they reach retirement age?"

Joel Christansen, Oslo 6: "Why is 25 percent subtracted from the basic pension for married pension recipients?"

Kvanmo: "SV's program calls for equality between married couples and those who are living together without being married. During the debate on the family report we presented a proposal in Storting that would give all those receiving the minimum pension the full amount regardless of marital status. The proposal will be presented again and again until we get some positive response. One would think that at least the Christian People's Party would sympathize with a proposal like this and help put pressure on the other parties so that this reform could be enacted next year no matter which party is running the government. I see no reason for continuing to live with this unfair practice."

#### Tax Deduction

Signe Vike Andersen, Oslo e: "Will you guarantee that pension recipients will continue to have an extra deduction of at least 17,700 kroner on their tax statements for the next 4 years?"

Kvanmo: "I cannot guarantee that. It is also highly unlikely that SV will win a majority in Storting in the fall election. What I can guarantee is that SV will not promote proposals or vote for proposals that increase taxes for people with incomes below 140,000 kroner in terms of current prices. That is part of SV's program. In other words no tax increases for pensioners with incomes below 140,000 kroner with SV's help--I guarantee that much."

## Retirement Age

Else Jensen, Oslo 4: "Shouldn't 45 years of work entitle someone to a full pension and enable a worker who feels like it--and needs it--to be 'released?' Think a little about the old 'work horses' too!"

Kvanmo: "Yes, 45 years of work should be more than enough. SV has proposed 30 years as the necessary time to earn a full pension--we want to lower the retirement age to 65 for everyone with a right to retire at 62 if someone feels worn out and wants to be 'released,' while those who want to keep on working can do so until they reach 70. We also think it would be easier to cut down gradually through a combination of benefits and employment. It is already possible to do this to some extent--and this might be a possibility for you."

## Labor Party Leader Comments

Oslo AFTENPOSTEN in Norwegian 26 Jul 85 p 3

[Article by Morten Moller Warmedal]

[Text] "The Storting election this fall involves a long-range choice between two clear alternatives," Gro Harlem Brundtland said at the AUF [Labor Youth League] summer camp on Thursday. The Labor Party leader said that the government is now holding up efforts for South Africa and that security policy will not be stressed by the Labor Party in the campaign. Harlem Brundtland sharply attacked the government's economic policy and said the 4 percent growth in 1985 is not due to the efforts of the Willoch government.

The party leader was in good spirits and ready to fight when she visited the AUF camp on Utoya. The visit to the Labor Party's youth organization was her first public appearance since she returned from her vacation.

Harlem Brundtland had time for more than politics during her visit yesterday on a bright sunny morning. She took time to take part in group singing with a guitar on her lap and two AUF deputies told her fortune. As expected the party chairman was promised a bright future with good prospects for regaining government power after the election.

Under pressure from another camper the party leader said she would give a day's pay to the Live Aid project, but commented that she saw no political point in reaping applause for publicizing her own generosity.

Around 400 AUF members and a large press delegation listened to the party chairman who launched a strong attack on the government's economic policy. "The voters are being deceived," she said, adding that in an election year the government feels forced to abandon its previous policy.

## Excessive Spending

"In the first place wages have risen more than the 5 percent the government was planning on. This has led to increased consumption. Credit limits have been exceeded by a large margin. The national budget has had a good many additions to the amount approved last fall. Among other things local and county governments have received 1 billion kroner more than the originally scheduled amount. The government has gradually come closer to the budget presented by the Labor Party, which was disdainfully rejected last fall as a completely irresponsible policy of excessive spending," the Labor Party leader said.

Harlem Brundtland said that the government has claimed all along that new economic growth would be guaranteed through a tight economic policy, low wage increases and tight credit supplies. "The government tried this for 3 years and failed on all counts. The reason why the results have improved in 1985 is that the government felt forced in an election year to abandon vital aspects of its previous policy," she said.

Gro Harlem Brundtland departed from her manuscript several times and said among other things that the voters do not know what kind of conflicts there would be if we have a nonsocialist government after the election. She questioned Erling Norvik's position in the Conservative Party after his proposal to lower the age for purchasing alcohol to 18. "The government now lacks an alcohol policy," the party leader maintained.

She also attacked the reports that have leaked out that the Social Affairs Ministry has plans for a private hospital in Oslo and that a decision will be made on this in the fall. "This is how expectations are created among the voters while the issue is swept under the rug in the campaign. What kind of discussion will the Conservative position create in the middle parties?" wondered Harlem Brundtland, who strongly rejected the idea that the size of an individual's pocketbook and not his medical need should determine who gets treatment.

In response to a question from AUF about South Africa Harlem Brundtland said that the government is now holding up plans approved by Storting. "The Conservatives considered it to be to their advantage to go along with a 'progressive' line in Storting. But the government has interpreted the Storting committee debate in its favor. This is shown by the absence of any follow-up on the registration of ships calling at South African ports," she said.

## Security Policy

The head of the Labor Party will not emphasize security policy in the election campaign, as AUF leader Jens Stoltenberg advised her to do. "The voters know where we stand on security policy, which has already received a lot of attention from the media. For us the important thing now is to present some other items in our program, such as care for the elderly and policies concerning young people and senior citizens," the Labor Party leader said.



At the press conference following her speech Harlem Brundtland said that the proposal on distributing air traffic between Gardemoen and Fornebu, which was outlined by Transportation Minister Johan J. Jakobsen, is not good enough. "It must be possible to find a better solution. New figures and projections must be presented and I see no reason to get too worked up over the passenger ceiling of 5.5 million which Storting imposed."

### Labor Searching for Issues

Oslo AFTENPOSTEN in Norwegian 27 Jul 85 p 2

[Editorial: "Problem for the Opposition"]

[Text] The voters are being deceived, Labor Party leader Gro Harlem Brundtland charged when she came back from her vacation on Thursday. That set the tone for the initial spurt in this year's election campaign, at least to the extent that this is left up to the opposition. We assume that the voters are capable of evaluating the reality of their lives without assistance from the Labor Party. It is not their problem that it differs considerably from the description they were given on Utoya and elsewhere.

However economic growth is obviously a problem for Labor politicians. At any rate they seem unable to agree among themselves as to how they should react. In the past they put their faith in painting a bleak picture. As we know there was no limit as late as this spring to how bad everything had become under the nonsocialist rule. Now that the results of the economic recovery are apparent to everyone they have changed their tune.

Now we are told that we are seeing an accidental and temporary upturn that has come about in spite of the government's economic policy, not because of it. If we are to believe Mrs Brundtland most of us should prepare ourselves to wake up to a harder economic reality after the election, that is if the prime minister is still Kare Willoch.

The explanation is simple, we are told: "The government is deceiving the people by pointing to economic growth in 1985 while saying as little as possible about economic plans for the years ahead." That is a remarkable description, to put it mildly, of a long-range program that points out that economic reality places clear limits on how large public appropriations can be without jeopardizing both economic growth and stability.

The government has emphasized that the main goal is to strengthen the competitiveness of the Norwegian business sector in order to provide a basis for growth and public welfare. It has not succumbed to the temptation of basing its campaign on costly reforms that would result in destroying the hard-won balance in the economy. If one asks for too much for everyone, the result will be less for everyone.



Take the health sector as an example. With the limited resources we have at our disposal it may be more important to make sure that we get more back for each krone invested than to invest even larger sums without trying to improve the sector and make it more efficient. It is reassuring that the three coalition parties consider it a major objective to guarantee and strengthen the economic growth which--whether one likes it or not--is the basis for our welfare state, a situation that will continue in future years.

We do not think voters will have any trouble understanding that the growth we are seeing today, the existence of which is not denied by the opposition, is a result of the deliberate policy of stimulation the government has pursued with respect to the private sector in combination with public moderation. It is this policy the government has promised to continue.

The voters are well aware of the alternatives confronting them in this election. They have seen the results of 4 years of nonsocialist rule and they have solid memories of the inflationary policy the opposition is campaigning for once again. The declining ratings for the Labor Party in the polls are not due to the fact that the voters are being deceived, they are a direct result of the fact that they are perfectly aware of what is really involved in this election.

#### Willoch on Defense Consensus

Oslo AFTENPOSTEN in Norwegian 26 Jul 85 p 3

[Article by Per Nordrum]

[Text] Washington, 25 Jul--"We do not need just a resumption of the dialogue between East and West, we also need further efforts to achieve long-range agreement on security policy across party lines within individual member nations (in NATO)--including my own--and within the alliance as a whole," Prime Minister Kare Willoch said in Washington on Thursday.

Willoch delivered the main speech before the International Democratic Union (IDU) debate on the international situation. His speech set the tone for the debate that followed, in which West German CSU [Christian Social Union] leader Franz Josef Strauss, Swedish Conservative Party leader Ulf Adelsohn and French Gaullist Jaques Chirac participated, among others.

Prime Minister Willoch made it clear that relations with the Soviet Union cannot improve as long as Moscow thinks it can wait for the next election in individual western countries in the hope that it will lead to changes in security policy.

"It looks as if some politicians in the West--some of them quite prominent--do not realize the damage that can result from public support of unrealistic Soviet positions in important negotiations. This reduces the likelihood

that the Russians will drop demands that cannot be accepted by the West. This in reality also reduces the chances of reaching agreement," Willoch said.

#### Work for Consensus

The prime minister said that NATO countries must work for a fundamental consensus--that also includes a majority of the people--to convince the Soviet Union that attempts to divide the West cannot replace a "give and take" approach in negotiations aimed at balanced and lasting political agreements.

In this context Willoch also brought up relations between the NATO allies in Europe and America. It is important to create better balance between the European and American contributions to the political decision-making process in NATO, he said.

"Therefore we should also support the efforts in West Europe to develop the European identity within the framework of NATO when it comes to foreign policy," Willoch said. He also praised NATO's secretary general, Lord Carrington, for having so strongly emphasized the political function of the alliance.

#### Based on Agreements

Willoch also sent a clear signal to the United States that both the SALT-II treaty on strategic weapons and the ABM agreement on defensive weapons must continue. The positive developments in East-West relations must be "based on treaties and agreements that have already been approved while at the same time we maintain the military strength and political solidarity that are decisive in any relationship with the Soviet Union," the prime minister said.

He advocated a pragmatic and practical approach to developing East-West contacts. Among other things he mentioned personal contacts at all levels, cultural exchanges and political and economic contacts as important in this effort.

#### Ideological Disagreements

IDU--the International Democratic Union--is a group of 30 Conservative and Christian Democratic parties in Europe, Oceania and America. During the meeting in Washington a Latin American division will also be set up.

"There will undoubtedly be ideological disagreements between some of us. But I feel it is useful to discuss themes of mutual interest in such a broad group in the same way that they hold discussions in the Socialist International," Willoch said the day before the meeting.

## South Africa

Prime Minister Willoch's pragmatic and nonideological introduction was also reflected in the speech by West German CSU leader Franz Josef Strauss. Both Willoch and Strauss condemned the apartheid policy in South Africa.

"It is our duty to urge the South African government to continue to implement the necessary reforms without interruption and to urge the international community to exert effective pressure on the government to end the policy of apartheid in a peaceful way," said Willoch.

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POLITICAL

NORWAY

# ARNE TREHOLT SEEKS PUBLICITY IN CHOICE OF NEW DEFENSE LAWYER

Oslo AFTENPOSTEN in Norwegian 9 Jul 85 p 2

[Editorial: "Trial in Advance"]

[Text] It is strong medicine, even for those who expected the worst. With maximum PR effect, Arne Treholt selected his defense lawyer, and they did not delay in coming out with a trial in advance which we have seldom experienced a parallel to. An Alf Nordhus will, with a great lack of balance, "insist that the political sides are brought out," and without having been any closer to the trial he came out with a violent attack against the judges in the circuit court.

For some unknown reason the Supreme Court qualified lawyer asserted that the circuit court had exaggerated the damage which was inflicted on the Norwegian defense. About the chief of defense he permitted himself to say that he was "out after a little extra appropriation, you know..." and that he probably had "bit off more than he could chew."

Such words are coming from a lawyer who can not possibly have had the time or the reason to inform himself of the terms of the court, and it strengthens our assumption on that when codefender Arne Haugestad in an interview said that he is building his knowledge of the case on reports in the newspapers. The same thing is done by a pianist and author who generously exclaimed... that Treholt is the Dreyfus of our time. He received a reasonable reply from a fellow artist: she called parts of the debate "the market of conceit."

Everyone must ask himself if the chief of prisons foresaw the cascade of advance trials and derailments that we have experienced after a green light was given for Treholt's interviews with newspapers and airwaves. It was clear for all at that time that Arne Treholt would appeal the trial, and from the statements he made it became obvious that Treholt, through the advance trail, was employing the tactic of the most possible politicizing, and the least possible jurisprudence. We find it especially serious that he was given a reason for that before the case came up to the Supreme Court.

Nordhus and Haugestad are free to express themselves as they will, and they are doing that especially freely, without our believing that the judges of the Supreme Court will let themselves be influenced by the severe attacks against the circuit court judges, against the expert witnesses and against the chief of defense. We doubt that the country's highest court is convinced by the attempts by Mr. Nordhus and others to present Arne Treholt as a politically persecuted innocent, and that it is the political mentality which will be decisive for the judges of the Supreme Court.

The defenders in the circuit court, Andreas Arntzen, Jon Lyng and Ulf Underland, have won general appreciation for the temperate manner in which they conducted the trial. Also the press imposed strong restrictions on itself in its reporting of the case, both before the trial and while it was going on. In that connection, therefore, it has not been appropriate to discuss the idea which was brought up in the Lawyer's Association: the introduction of some of the rules that they have in Great Britain for "contempt of court" which dramatically contract the freedom that lawyers and opinion formers have to comment in advance of trial on a concrete case.

Alf Nordhus' advance trial, however, represents a backsliding which is beyond what that serious affair calls for. We believe nevertheless that pranks will be counterproductive. The Supreme Court is no place for a political hearing. Arne Treholt will continue to be dealt with in accordance with the criminal law.

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POLITICAL

PORTUGAL

**CAVACO SILVA: CONDITIONS FOR LONG, PROSPEROUS LEADERSHIP**

Lisbon O DIABO in Portuguese 25 Jun 85 p 2

[Article by Jose Miguel Judice: "The Cavaco Triad" ]

[Text] If appearances are reality in politics, Cavaco Silva has the Social Democratic Party well in hand barely a month after the Figueira da Foz Congress. This situation was confirmed by the National Council of Curia, where the feeling was clearly that of a party which has finally found a leader. This is a fact, a decisive political fact, but obviously, this does not mean that the history of the Social Democratic Party is over.

It was also very clear in the Curia that Cavaco Silva has a very narrow margin for success, and that if he misses the opportunity or is not successful, the problems will reappear in varying degrees of gravity. The margin is evident: everyone more or less agreed that the break with the Socialist Party was right and inevitable. Everyone was willing to concede the benefit of the doubt to the leader in his argument that early legislative elections are the best solution to the crisis. On one hand, however, the so-called Salgueirista group abstained on the resolution that "the National Political Commission acted properly in defining and implementing this political action." On the other hand, other council members, such as Angelo Correia, continued to insist that it has become necessary to win the legislative elections.

Cavaco Silva's first opportunity for success is a victory in these elections. Defining what constitutes a victory thus become a relevant political question, and there seem to be two opinions on the subject: those who claim that the party with the most votes would gain a victory and those who claim that this would not suffice, that victory would mean managing to form a government.

The second opportunity for success is the presidential election. It is true that the virulence against Freitas do Amaral has clearly faded since the congress, but there is no doubt but what it has become more likely that Cavaco Silva will have no

particular difficulty in commanding support for Freitas from the National Council. It is also unlikely that Cavaco would be forgiven if Freitas did not win, even though there are many who would accept his loss.

The third opportunity in the political triad where Cavaco Silva would have to make a good showing has to do with the Democratic Renewal Party and General Eanes. It has become clear that a great deal of Cavaco's support would crumble if he opted for an understanding or coalition of any kind with the Eanist party, and his adversaries from Figueira would not switch to his support for that reason. And since the elections follow so closely, it would not be possible to use a different strategy for each election.

In these opportunities, Cavaco Silva has the great advantage of appearing on the Social Democratic Center Party's slate also in the legislative elections, but the party would not abandon him if he does not manage to do so in reasonably good political condition and opts to take the Social Democratic Party to the ballot boxes without making any alliances beforehand. However, that would make it impossible to form a government, even if the party won the most votes, unless the Social Democratic Party and the Social Democratic Center Party win an absolute majority of the votes without his name on both slates, which is altogether unlikely.

Whether or not he appears on both slates, Cavaco Silva has a great advantage in negotiating with Freitas do Amaral. First, because he is already psychologically prepared. Second, because Freitas will be a candidate likely to go on to the runoffs even without an alliance with the Social Democratic Party. Also, if the Social Democratic Party does not come to an understanding with Freitas do Amaral, the Social Democratic Center Party cannot make a deal with the Social Democratic Party on terms acceptable to the latter, and there would be no possibility that Cavaco Silva could become prime minister.

This is all the more true in the case of a coalition between the presidential bloc and the Democratic Renewal Party, which would be bad for the Social Democratic Party and for Cavaco in particular. First, because any candidate that the coalition might field would have poorer chances than Freitas, according to the polls, which greatly favor Soares. Second, because any switch of a large part of Cavaco Silva's supporters to the internal opposition could be fatal to him. Third, because this would not fit the Social Democratic Party leader's philosophy or strategy. And fourth, such an alliance would be fatal for the autarchies and would not deliver the majority needed to form a government.

Given the situation, it seems abundantly clear that Cavaco Silva is in a commanding position where he can have any legislative strategy he chooses implemented and determine whether to accept or reject an understanding with Freitas do Amaral. He is in a less favorable position to come to an understanding with the Democratic Renewal Party, because he would not placate anyone and he would lose pivotal support by doing so. In the light of all this, one may predict that the Figueira da Foz strategy will be used to positive results, in spite of the grumbling by many who have no alternative strategy or internal option.

Does this mean there are no unknown factors to resolve? Does this mean we will have Cavaco Silva for sure for many years? Obviously not. The strategy freely chosen by the Social Democratic Party's leader alone is on the brink of an abyss where every victory demands another victory in order to be considered solid. There is no room for error, hesitation, lack of determination, slackness or half-way effort. Following the evolution of Cavaco Silva's strategy over these next fascinating six months is a pleasure not to be missed. Observing political activity in this scenerio is understandingly exciting. There is no doubt that if this man manages to bring grist to his mill, we will have him as prime minister for many prosperous years. The Social Party was the first to see this. Or rather, Almeida Santos was the first. "Et pour cause...."

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POLITICAL

PORTUGAL

KHOMAYNI INFLUENCE ON ISLAMIC COMMUNITY ALLEGED

Lisbon TAL & QUAL in Portuguese 12 Jul 85 pp 8-9

[Article by Ferreira Pinto: "There Is War in the Lisbon Mosque"]

[Excerpts] They all pray to Allah and they all follow the teachings of the prophet Muhammed. The Koran is their Bible and they treat each other as brothers. Even so, the dissension is great among these followers of Islam whom the discoveries, Alcazar-Quibir and decolonization made our compatriots. In the Lisbon Mosque, inaugurated 4 months ago, prayers are interspersed with fistfights. And there has been no lack of complaints to the police and the courts. The central and controversial actor in this "holy war" between rival factions that has been going on for about 1 and 1/2 years, is Suleimane Vali Mamede, founder and president of the Lisbon Islamic Community for 18 years: for some, "the moral reserve of the community"; for others, "the worst image that could be given to Islam." Fortunately, "God is great"--and the ambassadors of the Islamic countries, which financed construction of the mosque, are exerting efforts to establish peace in the house of Allah. It remains to be seen whether they succeed...

There are about 15,000 followers of Islam in the Portuguese capital. Only about 10 percent of them are members of the Lisbon Islamic Community. The "war" for seats on the governing body of the association got serious a little more than 1 year ago when, for the first time, a List B, in opposition to the traditional and sole List A of President Vali Mamede, was presented.

Since then, several efforts have been made to hold an election for the members of the community. Without success.

The struggle for the governing bodies of the Lisbon Islamic Community (which the president of the General Assembly himself feels "has exceeded all bounds of legality, rationality and dignity") had previously occasioned other scenes of violence.

In this struggle for power, one member complained to TAL & QUAL that "car-bomb threats have been received." Another facet of this internal dispute is the war of anonymous messages within and at the gates of the mosque.

An easy weapon in this struggle, the anonymous message eventually also emerged against Vali Mamede. The signature, curiously, was of a self-styled "Islamic Renewal Group"--and in language that would substantiate those who say that in

this "holy war" the influence of the Ayatolla Khomeyni, the politico-religious leader of Iran and promoter of the fanatical "Islamic Revolution", can already be seen. And both factions in the Lisbon Mosque struggle accuse each other of being "Khomeynists."

At this time, it is not yet too early for the peace of Allah to return to the Lisbon Mosque...

#### Khomeyni's Shadow

Five years after the Ayatolla Khomeyni unleashed the fanaticism of his "Islamic Revolution" in Iran, an attempt to export that politico-religious movement to Portugal would not be surprising; as has happened in other Islamic communities throughout Europe and the Americas. For now, in the Lisbon Islamic Community the factions in dispute accuse each other of Khomeyni influence.

"One of the principal supporters of the opposition slate is a Shiite with ties to Iran," TAL & QUAL was told by a source close to the leadership of the Islamic Community. "It is a scandal. They say this now, but they forget that this brother has been a supporter of Vali Mamede and was invited by him to appear on List A," replied a member of the opposition slate.

Vali Mamede, by the way, is accused of maintaining privileged relations with the ambassador of Iran and even of having used his influence to help him find a residence. The retiring president of the Lisbon Islamic Community, who denies any involvement in such a real-estate deal, commented: "I have good relations with all Islamic countries. Without their help, the mosque would not have been possible. I am not a fanatic. In keeping with the teachings of Islam, I have always sought a balance between the spiritual and the temporal and have always condemned extremists."

Behind this prolonged war between factions of the Islamic Community, may we some day have an ayatolla in the Lisbon Mosque?...

#### Embassy Involvement

The "electoral war" that has been going on for over 1 year in the Lisbon Islamic Community eventually involved the embassies of the Islamic countries--or they would not have financed almost all the construction of the Mosque in the Portuguese capital. "There is a mediation effort to arrive at a consensus," according to a diplomatic source, with the PLO representative being the most diligent in seeking a concerted solution.

Still under construction--only the part intended for worship services is complete--the Lisbon Mosque has already cost about 250,000 contos. The biggest contributors were Saudi Arabia (110,000 contos), Kuwait (70,000 contos), Libya (19,000 contos) and Iran (6,000 contos).



The embassies of the Islamic countries accredited in Portugal form the Lisbon Islamic Center--the entity that continues to be the owner of the Mosque, until turning it over to the administration of the Lisbon Islamic Community. But this transition does not appear to be easy: above and beyond the dispute going on in the community, the Islamic nations are also divided among themselves. And even Moslems like to rake the coals to their own pot...

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CSO: 3542/224

POLITICAL

PORTUGAL

#### POLITICAL GEOGRAPHY OF PINTASILGO SUPPORT

Lisbon O JORNAL in Portuguese 12 Jul 85 p 13

[Excerpt] Most of the persons inclined to vote for Pintasilgo in the presidential elections will choose the APU [United People's Alliance], the PS [Socialist Party] or the PRD [Democratic Renewal Party] in the legislative elections, according to a study made by that presidential candidate's staff.

These figures are from a "dossier" to which O JORNAL had access and result from a "weighted analysis" of several polls, which were not identified in the document.

In the legislative elections, the supporters of Maria de Lourdes Pintasilgo are predicted to vote in the following manner: 32 percent APU, 21 percent PRD and 17 percent PS, while 15 percent are undecided or hesitant.

#### Age Structure

In regard to age distribution, the Pintasilgo electorate has a predominance of the 25-to-44 age group, while the younger (18 to 24 years) and older (55 to 64 years) voters are the least substantial of her electoral base.

In evaluating this study, the political staff of Maria de Lourdes Pintasilgo is convinced that their candidate has "an established base, which does not vary substantially with electoral scenarios or with the support of political organizations."

In this regard it should be recalled that rather recently Carlos Brito, leader of the PCP in parliament, referred to her candidacy in rather unflattering terms and that Alvaro Cunhal, in an interview published in DIARIO DE NOTICIAS (written by Helena Sanches Osorio, who happens to be on candidate Pintasilgo's press staff) took a very reserved position regarding the decision of Ramalho Eanes' current adviser.

#### Strong, Weak Points in Geography of Support

Also according to the same study, Greater Lisbon and the southern interior region are of greatest importance in terms of supporters. The north and central coastal areas are "zones with a large mobile electorate" but particularly important due to population density.

Meanwhile, at meetings held at Lisbon headquarters to analyze the candidacy in the light of the current political situation, it has been said that "early legislative elections can only harm" Maria de Lourdes Pintasilgo if "one of the party presidential possibilities gains the momentum of victory in the coming legislative elections," O JORNAL learned from a highly-placed source.

"But the reverse is also true," this member of the Lisbon Regional Support Center (NARLIS) asserts, adding that "if the coming legislative elections do not substantially alter the current situation of the political parties, resulting in a weakening of the major parties and a continuation of the governmental impasse in reference to effective and cohesive majorities, then the Pintasilgo candidacy and her platform will be strengthened."

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POLITICAL

PORTUGAL

#### POPULAR COMMENTS, ATTITUDES ON GEODSS INSTALLATION

Lisbon EXPRESSO in Portuguese 13 Jul 85 pp 19-21-R

[Excerpts] In a village of the Lower Alentejo the only thing to do during the hottest time of the day on a Sunday during the summertime is to seek refuge indoors. Almodovar is no exception. At midday the village streets are as empty as if someone had sounded an air-raid alarm. Even the dogs, that at less inhospitable hours amble indolently from corner to corner, disappear as if obeying a common command.

#### Escape from Torpor

Having followed the quiet routine of another weekend, the village returns to work, where it is just as quiet as during the 2 days that have just gone by. The only economic activity worthy of note is small-scale agriculture, but the signs of its decadence are obvious and work has grown scarce in these parts. There is no industry and commerce is limited to sale of basic necessities. The only large employer in all the municipality--with a little more than 11,000 inhabitants scattered over a vast area of 800 square kilometers--is the municipal government, which, with its current 43 work sites of various types, employs 400 and manages to greatly reduce the threat of unemployment.

The municipality of Almodovar, a village distant from any important road, a transition zone between the Alentejo plateau with its large landholdings and the Algarve with its small holdings, has become known for its very special characteristic: it is the only municipality in the Beja district not headed by communists--its presidency has been won regularly by the Socialist Party.

Beyond the abundance of infrastructure work the local government has provided, a little here and a little there, its resurgence of the last decade, nothing seems to indicate that Almodovar is escaping from its decades-long (or even permanent) torpor. Except that recently the municipality has been shaken by two pieces of news that have created enormous expectations and some questioning among its inhabitants: on the one hand, to the north, development of its copper deposits as part of the plan to exploit Alentejo pyrites; on the other hand, installation in the south of a U.S. satellite-tracking station. For such a placid land, the two projects could portend great changes.

For a little more than a year the announcement of the U.S. facilities has taken over the municipality as a topic of conversation and a source of argument. Above

all, confusion reigns, because few know what it is all about and no one knows about the benefits that may arise from it. There are those who call the tracking station a "missile tracker," or even a "missile station," far from the technical terminology used: Ground-based Electro-Optical Deep Space Surveillance (GEODSS). Others indicate correctly that it is a station for tracking objects in space, but admit that they do not know what such activity consists of.

A group of men, mostly retired, who spend Sunday morning propped up against the buttresses of the church, discuss the theme with short phrases: "It seems to be something made 'a sucapa' [translation unknown]"; "if it creates jobs, they must be for Americans, not for us"; "we should all have opposed it--then it would have brought some benefit to the municipality"; "if it were anything good it would not have come here"; "all it will bring is higher prices"; "the people were not consulted but should have been, at least to have this thing that was proposed in the Municipal Assembly, which was--I don't know what it's called--person to person" (in reference to a referendum); "they (the Americans) have eaten lunch here--I've seen their car there, there are 15 or 16 of them"; "if they build that thing there, as soon as they set foot there the Americans will do as they please--just like in Lajes, it becomes private property right away"; "what wealth will it bring? American wealth for us? What they'll do is take away anything we have left around here."

#### PCP Agitation

In this type of suspicion, the influence of the agitation carried out by the Communist Party can be clearly distinguished. The Beja district PCP leaders have condemned installation of the U.S. tracking station. The "Commission for Peace" of the capital of the Lower Alentejo even organized a demonstration against it last year. Despite mobilization efforts, attendance was not very great, but the propaganda has borne its fruit.

The PCP, however, discusses it in eminently political fashion, which does not seem to have been assimilated in statements by the man in the street against installation of the tracking station. Butcher Antonio Sebastiao, 33, a municipal councilman and the leading vote-getter for the APU [United People's Alliance] in this year's local elections, says: "This fits right into the policies of the PS [Socialist Party]/PSD [Social Democratic Party] government, which consists of granting big favors to the Americans, in a strategy of subservience. We don't need any military stations and everything indicates that this is part of the militarization of space. Nobody has told us yet whether or not this is true. We wanted someone to inform the populace whether the station will be connected to the U.S. space command for use in case of conflict. We think it will and in that case it would be a priority target in time of war. I am asking whether we are getting anything in return to offset such a risk."

"We are a target wherever there is anything important," replies Antonio Saleiro, 31, who is president of the municipality and also a socialist in parliament. "We are a target at the Castelo de Bode dam, we are a target at the bridge over the Tagus River, we are a target at the Beja base, we are a target in Sines."



## Discreet President

Nevertheless, the president of the municipal chamber remains extremely reserved in this phase of the negotiations for installation of the Almodovar station. Many townspeople complain about the lack of information, about not knowing what is being prepared in the bilateral meetings in Lisbon and the communists, naturally, reinforce such complaints: "The president [of the chamber] doesn't want to discuss this; he has stifled debate," charges Antonio Sebastiao.

The socialist deputy explains, in his own way, this attitude: "I am not authorized to give out information," he asserts, "but rather whoever authorized it." Antonio Saleiro thus refers most questions to the government, which at the beginning of last year granted Washington's request for installation of the tracking station.

But there are other reasons for his silence: negotiations are now underway for the compensation to be given Portugal for granting permission, and it is known that the Almodovar government fought hard for its share of demands--assistance for regional development projects that total 1.5 million contos; lodgings in the municipality for nearly 50 U.S. technicians who will manage the station and their families; and logistical support for local entities. The president fears he will disrupt the process if he makes any public statements, and even refuses formal press interviews. However, when the negotiations are over, for the municipality's gain or loss, he promises to "tell all."

Thus with a feeling of uncertainty and curiosity the populace has seen groups of U.S. technicians visiting the chosen site--the highest point (577 meters) of the Caldeirao mountain range, 20 kilometers to the south of Almodovar--to make some preliminary surveys about existence of water and stability of the land.

## Certain Mystery

Nobody knows how news of the request for installation of the tracking station reached the Almodovar chamber.

Antonio Saleiro believes that his municipality was chosen not because it is a PS island in an APU sea, but rather because it has excellent visibility conditions essential for installing equipment of this nature--an optical system consisting of three telescopes that gather information later processed by a set of computers at the same location.

## Technological Contrast

The technology used contrasts eloquently with the way of life of the over 1,000 inhabitants of the mountain-ridge parish of S. Barnabe, where construction of the tracking station is planned.

The isolation, in fact, may be the main factor in leading the U.S. technicians to choose another place to live--presumably the Algarve coast, some tens of kilometers away. Antonio Saleiro, however, insists that his village "has everything" and is announcing investments in commercial zones, housing and lodgings at the time of the arrival of the foreigners. "Two years from now, this will be completely different," he asserts with conviction.

## Reaping Benefits

Local leaders certainly do not want to lose the economic benefits that the tracking station may bring, and this feeling even extends to the PCP. Despite declaring himself "opposed to the station, under any conditions whatever," Antonio Sebastiao does not say he will reject its construction if he should be elected president of the chamber (the APU, with two councilmen, the same as the PS, is today the second strongest political force in the municipality, with a few hundred votes separating it from the socialists, and is followed by the PSD, with one councilman). His response is much more vague: "If the APU gets a majority, the people will be fully informed of everything that happens, that I can guarantee." As for the rest, he explains that the decision to build is the government's, not the municipality's, and mentions the possibility of a referendum on the subject.

And what about the specter of nuclear attack in case of conflict? Few persons seem to have been bothered by this. One of them is Manuel Henrique, 26, a worker with agricultural machinery. "In a certain sense, I am not in agreement with this," he mentions, "due to the fact that we might be endangered if there is a war." The most lucid reply probably came from a group of four youths between the ages of 16 and 18 (two laborers and two unemployed) who were conversing in the town square during the afternoon. They say they do not fear the proximity of the tracking station in case of confrontation between the superpowers, and one of them explains why: "If there is a war between those guys, the whole world will go up in smoke, not just Almodovar."

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POLITICAL

PORTUGAL

BRIEFS

SOVIET DELEGATION VISITS PORTUGAL-- In an atmosphere of closer contacts among the parliaments of various countries, a delegation from the USSR Supreme Soviet was in Portugal (the second to visit Portugal, the first having been in 1977), including Arnold Ruitel, vice president of the Presidium, and four other members of the Supreme Soviet: Zinaida Kruglova, president of the Presidium of the Union of Soviet Associations for Friendship and Cultural Relations with Foreign Countries; Vladimir Terebilov, president of the USSR Supreme Court; Alexander Gonchar, secretary of the Commission of Popular and Cultural Education of the Council of Nationalities and administrative secretary of the USSR Writers' Union; and Ivan Roshka, secretary of the Union Soviet's Construction and Construction Materials Commission and director of the mixed board of Monolitstroy in Kishinev, the capital of Moldavia. At a press conference prior to their departure, the Soviet parliamentary delegation, which visited the central and northern parts of the country, particularly remembered contacts throughout their trip, the meetings with the President of the Republic and the Assembly of the Republic. At the press conference, where a joint communique was signed by both parliaments, the importance of peace, the need for dialogue and especially the goal of promoting practical agreements in harmony with the broad possibilities for cooperation between the two peoples were stressed. [Text] [Lisbon DIABO in Portuguese 25 Jun 85 p 2] 8844

CSO: 3542/210

POLITICAL

SPAIN

# IMPACT OF LIBYAN-MOROCCAN TREATY ON SPANISH POLICY

Madrid REVISTA DE ESTUDIOS INTERNACIONALES in Spanish Jan-Mar 85 pp 125-136

[Article by Antonio Marquina Barrio; passages enclosed in slantlines printed in boldface]

[Text] The Libyan-Moroccan union treaty creates a new situation in the Maghreb that must be assessed very carefully.

The pact between King Hassan II and Col Qadhafi certainly introduces a new dynamic in the region, but dynamism does not always mean a qualitative improvement.

The preamble of the treaty provides an important clue as to its ultimate purpose: to join together to face the dangers that threaten the Arab nation, the Islamic world in general, and Palestine in particular.<sup>1</sup>

At first, the most disturbing elements of this treaty were the references to the formation of a Defense Council, in Article 4; the mention of establishing a firm defense diplomacy, in Article 9; and especially the assertion in Article 12 that any invasion or aggression against one of the two countries would be regarded as aggression against the other.

The signing of the treaty sealed an alliance between the Kingdom of Morocco, considered to be a faithful ally of the United States, and the Socialist People's Libyan Arab Jamahiriya, a nation that has been gaining a reputation for taking actions clearly unfriendly to the Western world.

In Spain, this initial concern was focused on the cities of Ceuta and Melilla, and on the possible implications the agreement might have, given Moroccan irredentism and King Hassan II's statements explaining the agreement during a television interview.<sup>2</sup>

The Spanish Government tried to deflate the issue, claiming that the agreement and Hassan II's statements were of little importance. The mass media, on the other hand, indulged in endless speculation; they compared Spain's military forces with those of the other two countries and drew vivid and alarming conclusions about new risks and threats arising out of the treaty's Article 12.<sup>3</sup>

At that point, Spain's hypersensitivity did it a disservice. Because Spain has been involved in a series of disputes and conflicts with the Kingdom of Morocco ever since the decolonization, it is very touchy about that country, and is therefore prone to jump to false conclusions. This danger must be kept in mind at all times. Moreover, there is also excessive emphasis on the military defense of Ceuta and Melilla. The Kingdom of Morocco has never militarily threatened these cities, and it can exploit their weaknesses in other ways.<sup>4</sup> It is precisely this aspect of the military threat, perceived by many Spaniards in military and diplomatic circles, that has betrayed our analysts. To think that for internal reasons the Kingdom of Morocco may feel inclined to begin a "green march" or to exert military pressure on Ceuta and Melilla; that such an attack would warrant a response that could entail a full-scale war with Morocco, as contemplated in the military plans that have been developed over the past few years, from the Ballesta Plan to the PEC [expansion unknown]; and consequently, that Libya would then lend its support and military power<sup>5</sup> to the Kingdom of Morocco, is an exercise that does have some logic,<sup>6</sup> but is excessively simplistic.

In any case, this reasoning was reinforced by some careless language in terms of the implications of this treaty. The signing of a friendship and cooperation agreement with Algeria, Tunisia, and then Mauritania did not lead to any analyses of the formation of an Axis or anything of the sort; yet the signing of the Libyan-Moroccan treaty has sparked all kinds of rhetoric about the existence of "two Axes" in the Maghreb.<sup>7</sup> And in passing, people cite the need for Spain to rearm itself to restore the balance. They even go as far as to say that we should be protected by NATO (which lends intelligent support and propaganda to the idea of Spain's military participation in that organization), as a preventive weapon that would deter any external threats to Ceuta and Melilla.<sup>8</sup>

In addition to Spain's reaction, we should look at how the other Western nations with interests in this region, France and the United States, have reacted.

Shortly after this agreement was signed, president Mitterrand went to Morocco and held several meetings with King Hassan II. Although it was stressed that this was strictly a private visit that had been arranged previously, this explanation was not very convincing, given the role France has played in changes in the Maghreb.

Later it was learned that they had spent most of their time discussing the Chad affair,<sup>9</sup> and that Roland Dumas, the minister of European affairs and one of the president's confidants, had prepared Mitterrand's visit very carefully along with his special adviser, Jacques Attali.

At the same time, Claude Cheysson was visiting Algeria and Tunisia, and Minister of Defense Charles Hernu was traveling to Yamena. France tried to capitalize on the new situation that was created by the treaty, seeking at the same time to avoid upsetting the existing balance in the Maghreb.

The United States was remarkably surprised at the news of the treaty. It has been learned since then that the United States Government was not notified of



the preparation and signing of the treaty, not even the day before. The ambassador to Rabat, Joseph Reed, was on vacation in the United States when the treaty was made public.

The U.S. administration's unhappiness was evident from the start. Libya is one of the regimes that inspire the most animosity in the United States Government and public opinion.<sup>10</sup> This attitude was reflected in the communique issued by the State Department, which emphasized Col Qadhafi's record of terrorist activities<sup>11</sup> and the fact that the treaty meant that his position of relative isolation would be alleviated.

The State Department's ambassador-at-large, Gen Vernon Walters, a good friend of King Hassan II, held talks with him in Rabat. In turn, the king sent his principal adviser, Reda Guedira, to Washington to explain a pact. As the days went by, this pact became more and more incomprehensible.<sup>12</sup>

In the news broadcasts and press reports of the time, there was unanimous emphasis on the serious reservations the United States felt. This was underlined by Vice-President Bush on 11 September in South Carolina, when he said that Qadhafi's word could not be trusted, that he was regarded as an instigator of international terrorism, and that the Americans wanted full assurances that the sophisticated military equipment they had sold to Morocco would not be turned over to Qadhafi. The king's adviser suggested that Morocco might exert a moderating influence on the Libyan leader, but this possibility was not taken very seriously. On the contrary, it was noted, as we have already stated, that this treaty might help Qadhafi end the isolation of the Libyan regime and that it would be very dangerous for Morocco to open its doors<sup>13</sup> to Libyan citizens, whose activism would be a serious threat to this country's internal stability, as has happened already in other countries.<sup>14</sup>

Little by little, the scope of the treaty has been made clearer.

It is undeniable that it has given a shot in the arm to Libya, which had been isolated and whose revolution had been scorned by the world. The treaty also put an end to the progressive isolation of the Kingdom of Morocco both in the Organization of African Unity (OAU) and the United Nations.<sup>15</sup>

It has also been an important element in the internal cohesion of Morocco, since the population has accepted the treaty almost completely.<sup>16</sup> It has served to moderate the most radical tendencies within the army itself.

The treaty represents an attempt to deal with one of the most pressing problems Morocco faces, its economy. Libyan petrodollars can alleviate this situation. A variety of mixed commissions have been created, and many Moroccan workers are expected to be sent to Libya. The fact that economic issues have been given primary attention as the treaty's key aspect and its *raison d'être* should be considered within the appropriate context.<sup>17</sup> The agreement has even been described as a reaction to the disappointment Moroccans have felt about the results U.S. economic aid.<sup>18</sup>

In the diplomatic sphere, the results of the treaty are as yet unclear. Libya did not withdraw from the OAU when the Saharan Arab Desert Republic (RASD) was

admitted, although it did oppose the resolution Algeria proposed at the United Nations regarding the Sahara. Libya has not refused to recognize the RASD.

In the military sphere, the treaty is obviously important. Libya is not likely to lend military support to Morocco in the Sahara war,<sup>19</sup> nor is Morocco likely to provide support in case of a conflict between Egypt and Libya. The most problematic case would be a conflict between Algeria and Morocco. This would be the ultimate test of the union. In any case, there is not yet enough evidence to point to a "bipolarity" of the region, or to the formation of two "Axes." It is possible, however, to imagine pressure on Algeria to negotiate a more acceptable solution in the Sahara, regardless of the effects of reduced Libyan military aid to the Polisario Front.

As we have pointed out, the most immediate effects of this union have been apparent in the Chad conflict and in that of the Sahara.

In Chad, French troops had to try to contain the Libyan offensive against the Hissene Habre regime in 1982.

The presence of nearly 3,000 French soldiers, the reconnaissance flights and the general deployment of the various forces, were draining about 60 million pesetas per day from the French treasury.

Much of French diplomatic activity after Libya and Morocco signed their treaty centered on the Chad conflict,<sup>20</sup> as did much journalistic speculation, above all. Since then, official sources have revealed that King Hassan II did not mediate,<sup>21</sup> that France had been in secret contact with Libya since 1983,<sup>22</sup> and that the king had merely conveyed messages and explained each party's viewpoint to the others.<sup>23</sup> In any case, by mid-September France and Libya were able to sign a pact for a gradual withdrawal of troops from Chad,<sup>24</sup> to take place over a 2-month period.

It is important to stress the failure of this agreement. By the end of November, the Libyan troops had still not been withdrawn. The United States expressed its concern. French-speaking Africa expressed its concern as well.<sup>25</sup> And French diplomacy was held in ridicule; ultimately, Foreign Minister Claude Cheysson was forced to resign. This also paralyzed French diplomatic efforts in Morocco, and left King Hassan II himself in a bad position, since he had continually stressed Col Qadhafi's reliability and his respect for his commitments.<sup>26</sup> The Libyan-Moroccan treaty was thus called into question, and the American objections turned out to be well-founded.

As for the conflict in the Sahara, the Libyan-Moroccan agreement has also had a considerable impact on the situation in this region.

After the meeting between Hassan II and President Chadli, it appeared that a new trend was developing.<sup>27</sup> Then Addis Ababa presented its resolution in July 1983, exhorting the parties in the conflict (the Kingdom of Morocco and the Polisario Front) to engage in direct negotiations for a cease-fire and the creation of the necessary conditions for a referendum without administrative or military restrictions, under the auspices of the OAU or the United Nations. Although Morocco had reservations, it accepted this resolution. Later, in

September, the Application Committee met again in Addis Ababa, and Morocco refused to enter into negotiations with the Polisario Front. Thus, the referendum that had been scheduled to take place before January 1984 could not be held.

In the meantime, the Kingdom of Morocco was strengthening its military position in the Sahara with the construction of new security walls. By the end of January 1984, the wall leading to the Mauritanian border was finished. In June, journalists were invited to visit a third wall that had been built from Amgala to Zag; it covered the mythical city of Hausa, where the Polisario Front signed its communiques. Thus, Morocco effectively controlled most of Saguia el Hamra.<sup>28</sup>

It was against this backdrop that the Libyan-Moroccan treaty was signed, and Algeria changed its tactic somewhat. Until then it had tried to keep the conflict at a low level. The operations of the Polisario Front, given the sophisticated electronic equipment on the wall, were limited to hit-and-run tactics whose effectiveness was dubious.<sup>29</sup> But in October, the Polisario Front launched a strong offensive called "Great Maghreb" in Smul Niran. It managed to penetrate the wall, destroy facilities and equipment, and take some prisoners. Then it began a rapid retreat before Moroccan forces could capture its troops.<sup>30</sup>

The Polisario Front has been provoking new, heated battles in an effort to stop the construction of a fourth wall that will run very close to the Algerian border, with all the resulting implications: the inability to maintain the fiction that the attacks come from some area in the Sahara and not from Algerian or Mauritanian territory; the possibility of reprisals in those territories, persecution or even the destruction of camps; the need to redistribute the Polisario Front's bases in other territories;<sup>31</sup> and above all, the possibility of a conflict with Algeria, which no one wants or desires.

In addition to this military situation, we should point out certain political and diplomatic events that cannot be ignored simply because they were unexpected. Some of the virtues of the Libyan-Moroccan agreement are reflected in these events.

On 11 November 1984, at its 20th Summit Meeting, the OAU admitted the RASD as a new member of the organization in an indisputable procedure; the Kingdom of Morocco, a founding member, promptly withdrew from the OAU. Libya did not follow suit.<sup>33</sup>

At the end of that same month, the United Nations 4th Commission passed a resolution that directly referred to Resolution 104 (XIX) on the Western Sahara, which had been passed in Addis Ababa, as the appropriate solution to the problem of self-determination. The vote on the resolution was 90 in favor, 1 opposed (Equatorial Guinea), and 45 abstentions. The resolution also urged the Kingdom of Morocco and the Polisario Front to hold direct negotiations for the purpose of achieving a cease-fire and creating the necessary conditions for holding a referendum, without administrative or military restrictions, under the auspices of the OAU and the UN.

A few days later, on 5 December, the UN General Assembly adopted that resolution with a vote of 90 in favor, none opposed, and 42 abstentions.<sup>34</sup>

Morocco's relative diplomatic isolation was a fact by this time, and although it had been expected, it caused a considerable uproar there.<sup>35</sup>

It is in just this context that we should study Spain's diplomatic position on the Libyan-Moroccan treaty. The "all-encompassing" policy of the Spanish Socialist Workers Party (PSOE) platform has been seriously affected.<sup>36</sup>

Morocco's withdrawal from the OAU invalidated the position maintained until then, which consisted of going along with whatever the international bodies agreed on to resolve the conflict. The treaty between Libya and Morocco also meant a return to a policy of maintaining balances in the region, even though the Socialist Party had spurned this policy because of the potential for blackmail by the parties involved.

Spain voted in favor of the Algerian resolution at the 4th Commission and in the General Assembly. The other NATO and European Economic Community (EEC) countries abstained.

Moroccan political authorities immediately took this move as an affront, and brought into play the possibilities for pressure, claims on Ceuta and Melilla and future fishing agreements.<sup>37</sup>

Algeria, on the other hand, stated in the official daily EL MOUDJAHID that Spain's position implied its rejection of the 1975 Madrid agreements.

This interpretation was a bit hasty, as was noted in an "inspired" editorial in the daily EL PAIS.<sup>38</sup> There was some logic in Morocco's reaction, however. In 1982, Spain had abstained from voting on the resolution sponsored by Algeria at the United Nations, in which it requested the same as in 1984: self-determination for the Saharan people, and direct negotiations between Morocco and the Polisario Front. It had supported Kenya's resolution, which stressed the OAU's attempts to solve the problem, considering those attempts adequate.

All things considered, in November 1984 the Moroccan resolution was withdrawn<sup>39</sup> and there was no alternative resolution.

Thus, Spain has reaffirmed in the United Nations its acceptance of the process the OAU has been carrying out to settle the dispute.

At the same time, however, the return to the "balance" that has been mentioned by several cabinet members, such as Vice-President Alfonso Guerra and Defense Minister Narciso Serra, will be very unstable unless the gas controversy with Algeria is resolved. Under the present circumstances, any attempt to smoothe out relations with Algeria poses the risk of giving in on the Sahara issue. This conclusion may be a bit far-fetched in the case of the aforementioned United Nations affair, but it is an evident risk. Spain's current position leaves it little room to maneuver, much less than France's position gives it, even though Spain is the "colonial power."



The gas conflict with Algeria represents one of the greatest failures of Spanish foreign policy in recent years. It is time we admitted with all due candor that the Algerian Government is almost entirely in the right, and Spain's negotiating positions bear a tremendous responsibility.<sup>40</sup>

It should also be stressed that certain contradictions may be an added element of confusion. The position paper that was presented at the PSOE's 30th Congress, held 13-16 December 1984, returns to the theme of developing an overall cooperation with all the countries of the Maghreb, and each of them individually, on the basis of national interests and for mutual benefit. After his meeting with Col Qadhafi, President Felipe Gonzalez repeatedly stated that his cabinet's position on the Maghreb is that a policy of balances should be abandoned, without forming alliances with any of the parties.

This reaffirmation of a position that does not exist in reality cannot help but discredit Spain's policy further. These rifts cannot be allowed as long as the latent conflict over Ceuta and Melilla continues, and Spain cannot afford to abstain from voting on UN resolutions concerning the Saharan conflict, as the other Western allies have done.

The issue of the Sahara<sup>41</sup> and the union between Libya and Morocco were specifically discussed in early December 1984 when Felipe Gonzalez met with Col Qadhafi; if any tangible result emerges, that meeting will have to be considered a key factor. The Spanish president repeated his assertion that this treaty had no effect whatsoever on Spain's interests; a few hours later, the Libyan leader invalidated that contention at a press conference. Qadhafi sent a cable to Morocco stating that Ceuta and Melilla are two Arab cities, and thus unleashed a flood of articles and commentaries in the press. These writings once again suggested the possibility of a military intervention by Libya and Morocco against the Spanish army in a conflict over Ceuta and Melilla.<sup>42</sup>

This military aspect of the Libyan-Moroccan treaty, which has not yet been developed and has little prospect of doing so, has, then, a major impact on public opinion. Furthermore--why not come right out and say it?--it is aiding and will continue to aid the opposition to the government's Maghreb policy, and will contribute to such propaganda, especially with regard to Spain's sensitivity about Ceuta and Melilla. On this point, the president's office was wrong about the meeting with Qadhafi, although it could be asserted that the meeting was a useful source of information.<sup>43</sup>

All in all, Spanish diplomatic sources' perception of the significance and scope of the Libyan-Moroccan treaty can be considered accurate so far, and the government's statements are basically in line with the facts.

The Libyan-Moroccan treaty, however, has set in motion a dynamic in the Maghreb that should be /followed/ with a great deal of tact. We must emphasize again that the resolution of the gas controversy with Algeria is a priority issue for Spanish policy. With Morocco's withdrawal from the OAU, Spain's vote in the United Nations, the fishing agreement and the strengthening of



military ties with the Kingdom of Morocco, Spain's policy hangs in the purest of balances.<sup>44</sup>

December 1984

#### FOOTNOTES

- \* This article is based rather indirectly on conversations with various civilian and military officials in Mauritania, Morocco, Algeria and Tunisia during our visits to those countries in 1984. Extensive and critical use has been made of news reports dealing with the Libyan-Moroccan treaty, among other materials. In view of the academic inclinations of those who disdain a priori any reports they see in the press, it should be emphasized that what matters is the content, not the container, especially if this disdain includes interviews with top-ranking officials, expert opinions, and /foot-noted studies,/ simply because they were published in newspapers (!). We do not share this formalism. This is elementary. This article went to press before the Spanish-Algerian gas agreement referred to herein was signed.
1. The text of the treaty was made public in Rabat on 21 August, BULLETIN OFFICIEL DU ROYAUME DU MAROC No. 3746 bis. This preamble clearly shows one of the themes Col Qadhafi has always considered fundamental, and which, in his opinion, should take priority over all other issues. Hence the Libyan leader's emphasis on convincing the Polisario Front to join forces with the Kingdom of Morocco to fight against Israel. Furthermore, King Hassan II has been advocating this Arab context or framework for solving the problem of the Sahara. It would be easier for Morocco to impose its viewpoints in such a framework. The Polisario Front was adamantly opposed to the Oujda meeting, stating in a communique: "... /Its objective was to sell the skin of an indomitable Saharan lion that could never be killed. It is dead because the Great Revolution of 1 November will never be associated with any transaction or scheme that betrays the people who are up in arms. This is one more blow to the Moroccan efforts, under French and American influence, to remove the Western Sahara conflict from its international and African context as a problem of decolonization/. . ." Without referring to Libya by name, it accused that country of betrayal and called the Oujda meeting a French-U.S. manipulation, which it was not.
  2. LA MATIN DU SAHARA, 22 August 1984. King Hassan II's words were quoted in the newspaper EL PAIS in its 23 August issue, and in EL NOTICIERO UNIVERSAL on 22 August 1984. The same concern and indignation have been evident since Felipe Gonzalez' Mallorca meeting with Col Qadhafi in December 1984.
  3. The most significant articles included Fernando Renleín, "Spain Should Change Its Defensive Proposals Regarding North Africa," DIARIO 16, 23 August 1984; "Morocco and Libya Together Have Three Times as Many Combat Planes as Spain," LA VANGUARDIA, 23 August 1984; "Possible 50 Percent Cut in Ceuta and Melilla Garrisons," EL ALCAZAR, 25 August 1984; "Government to Propose Possible Need for Spain's Rearmament to NATO," LA VANGUARDIA, 28 August 1984; "Libya-Morocco Pact Reaffirms Need to Join NATO," ABC, 28

August 1984; Guillermo Kirkpatrick, "Morocco and Libya: Nothing Going On Here," YA, 3 September 1984; Francisco L. Sepulveda, "Spain and the Maghreb," LA VANGUARDIA, 4 September 1984; Enrique Montanez, "Spanish Air Force on Alert to Intervene in Libya with 6th Fleet," DIARIO 16, 9 September 1984; and Jose Ramon Alonso, "The Maghreb, Spain and Alliances," EL NOTICIERO UNIVERSAL, 18 September 1984. This is especially true of the articles in the weekly magazine CAMBIO 16 in No. 667 of 10 September 1984. Regarding the military clauses of the treaty, see Simon Malley, "Algiers: Take Up the Challenges Again," AFRIQUE-ASIE No. 331, 24 September 1984, pp. 10 and ff., a rather speculative article. Regarding Article 12, see "An Interview with the King of Morocco," LE MONDE, 10 November 1984. The King considers it a classic clause.

4. In this regard, see our study and analysis "Gibraltar and the Enclaves," in a book on Spain's foreign policy soon to be published by Georgetown University in the "Washington Papers" collection. The most serious problem, all things considered, is that of Moroccan credibility, which explains the emphasis on military defense.
5. See in particular the above-cited articles in DIARIO 16, 23 August and 9 September; LA VANGUARDIA, 23 August; and CAMBIO 16, No. 667. More recently, Pilar Urbano's column, "You'd Better Get It Straight!" in the newspaper ABC, 22 December 1984. A more interesting counterpoint can be found in Fernando Rueda, "Defense of Ceuta and Melilla to Be Based on Units Stationed on Peninsula," YA, 28 August 1984.
6. The logic is clear, given that Ceuta and Melilla are as Spanish as any other city, and the Moroccan population of these cities has only recently arrived. Minister of Foreign Affairs Fernando Moran has rightly stressed on several occasions that this exercise is "child's play." Capt Gen Zalba of Zaragoza, in contrast, made some rather superficial statements, both from the strategic and the diplomatic point of view, indicating that the Libyan-Moroccan treaty "did a great deal of damage to us," and that this was the reason steps were taken to modify the PEC. His statement, which cost him his job, also stressed the vulnerability and defenselessness of Ceuta and Melilla. Some statements issued by the Polisario Front have followed the same line, such as Uld Salek's assertion that "Morocco will never forget Ceuta and Melilla," quoted in EL PAIS and DIARIO 16 on 27 November 1984.
7. See, for example, "The Maghreb, Schism into Two Blocs Threatened," EL PAIS 15 August 1984; "Maghreb Countries on Verge of Split into Two Antagonistic Blocs," LA VANGUARDIA, 4 September 1984. This was also Algeria's initial official reaction: "Policy of Axes Not Policy of Unity," Associated Press 22 August 1984. See also Josep M. Sanmarti, "Libyan-Moroccan Treaty a Threat to Spain?" RAZON Y FE Nos. 1032-1033, September-October 1984, p. 213, and "Policy of Axes in Maghreb," EL PAIS, 9 September 1984.
8. See in particular the magazine CAMBIO 16 No. 667, op. cit.; "Government to Propose Possible Need for Spain's Rearmament to NATO," LA VANGUARDIA 28 August 1984; "Libya-Morocco Pact Reaffirms Need to Join NATO," ABC 28 August 1984. Even the socialist organizations of these two cities have

named this point as a precondition for full membership in NATO. It is not feasible to include the elements they propose, however. But there is no doubt that Spain, in the event of a conflict, would be better protected by the allies, as long as it was a clear-cut military aggression, which is highly unlikely at this time. What we stated in footnote 4 should be emphasized in this regard. It appears that a Spanish military official proposed to NATO's Military Committee when it visited Madrid that the organization extend its area of military coverage. Josep M. Sanmarti, op. cit., p. 212.

9. "Surprise Mitterrand-Hassan Meeting," YA, 31 August 1984; "Paris Concerned about Alliances in North Africa," ABC, 1 September 1984; "French President Mitterrand Pays Quick Visit to Morocco, Portugal," EL PAIS, 31 August 1984.
10. See "Concern in United States about Libyan-Moroccan Agreement," YA, 1 September 1984; Lola Infante, "Washington Upset about Morocco Union with Libyan Regime," DIARIO 16, 2 September 1984. This does not apply to American businesses in Libya, however. See, among others, Josep M. Sanmarti, op. cit., p. 214.
11. See the statement issued by State Department spokesman John Hughes, United Press International, 5 September 1984; and Lola Infante's article, op. cit. The danger that the sophisticated military equipment given to the Moroccan army might get into Libyan hands was also stressed.
12. See Jose Maria Carrascal, "Washington Expresses Discontent with Libyan-Moroccan Treaty," ABC, 7 September 1984; Efe News Agency, 9 September 1984. Moroccan diplomats tried to play the card of citing Morocco's moderating influence on Qadhafi. "Morocco/United States," JEUNE AFRIQUE No. 1241, 17 October 1984.
13. See "Suppression of Morocco-Libya Agreement," LE MONDE, 28 September 1984.
14. Bush's statements in United Press International, 11 September 1984. See also Jose Maria Carrascal, "Washington Pays More Attention to Domestic Political Situation in Rabat," ABC, 16 September 1984. George Bush had already stated at that time that the United States did not trust Qadhafi's word. Senator Patrick Moynihan asserted that the treaty represented the failure of U.S. foreign policy, and would have unpredictable consequences. Bear in mind as well the various encounters between Libyan and U.S. military units in the Gulf of Sidra. Ronald Reagan himself, in a message he sent to King Hassan II in November that was made public in Rabat, stated that "the intentions of the United States and the Kingdom of Morocco may differ," quoted in EL PAIS, 29 November 1984. The press has given much attention—perhaps too much—to the Jewish lobby's influence on these reactions. King Hassan II explained the American reactions, saying that nothing has changed in relations or military aid. The king feels that the Americans should be patient. LE MONDE, 10 November 1984. The United States also extended a new \$250 million loan to Morocco for wheat purchases. LE MONDE, 1 November 1984.

15. Although in the United Nations, the union with Libya may have contributed to this isolation.
16. See "Referendum Ballet," JEUNE AFRIQUE, No. 1236, 12 September 1984.
17. We find Bechir Ben Yahmed's analysis somewhat superficial, in "The Second Round Has Begun," JEUNE AFRIQUE, No. 1235, 5 September 1984. Regarding the economic aspects and the exchange of delegations, see Domingo del Pino, "Putting the Libyan-Moroccan Union Treaty in Perspective," TIEMPO DE PAZ, No. 4, Fall 1984, pp. 74-75.
18. Domingo Del Pino, op. cit., p. 70.
19. See the opinion of the Polisario Front ambassador to Europe, Ahmed Bujari, quoted in DIARIO 16, 13 September 1984; and the opinion of Fernando Moran, referring to the statements by Reda Guedira, quoted in CAMBIO 16, No. 667, op. cit.
20. We must not forget the relations between the Kingdom of Morocco and Algeria, and between the Kingdom of Morocco and Mauritania. See the opinion of Claude Cheysson, quoted in "French Foreign Minister Warns Libya-Morocco Treaty May Split Maghreb," EL PAIS, 2 September 1984.
21. "An Interview with the King of Morocco," op. cit. In an interview he granted previously to the NEW YORK TIMES, on 24 September 1984, the king claimed to have acted as an intermediary.
22. "Secret Diplomacy Played Greater Role in Conclusion of Agreement," LE MONDE, 19 September 1984.
23. "An Interview with the King of Morocco," op. cit.
24. "Franco-Libyan Agreement Consensus in France," LE MONDE, 19 September 1984.
25. "Bujumbura's Turnabout," LE MONDE, 13 December 1984.
26. "An Interview with the King of Morocco," op. cit., and "Hassan II Tells History of Oujda," JEUNE AFRIQUE, No. 1236, 12 September 1984.
27. See Antonio Marquina Barrio, "The Sahara Conflict and the Spanish Government's Overall Cooperation with Algeria and Morocco," REVISTA DE ESTUDIOS INTERNACIONALES, Vol. IV, No. 4, October-December 1983.
28. In 1983 and early 1984, there were fierce battles between the Moroccan army and the Polisario Front as the latter tried to stop construction of the walls. In March 1984, we visited the area of Amgala and saw the Moroccan troops. It appeared to us then and still does now that a radical change has taken place in the war against the Polisario Front, which has little to do. Later, several Spanish journalists were invited to observe. See, for example, EL PAIS, 17 June and 24 June; and LA VANGUARDIA, 14 August 1984.



29. According to a Reuters story datelined Rabat, 16 October 1984, since 21 June of that year the Polisario Front had issued 44 communiques on attacks against the Moroccan lines of defense, in which 1,600 Moroccan soldiers were killed. Only three of those attacks were confirmed by Morocco. It can be asserted that these losses were exaggerated. According to a United Press International story datelined Algiers, 28 October 1984, a spokesman claimed that the Polisario Front did not need Libyan military aid, since it received assistance primarily from Algeria and, in small quantities, from Yugoslavia and North Korea. He added that it was capable of capturing much of its equipment from Morocco. The latter assertion cannot be confirmed at present.
30. In this regard, see the reports in the Spanish press beginning in mid-October. Particularly noteworthy are the dispatches from the Efe Agency datelined Algiers, 16 October and 23 October. See Salvador Lopez de la Torre, "The Polisario's Military Failure," ABC, 20 November 1984; "The Polisario Attacks," JEUNE AFRIQUE, No. 1243, 31 October 1984; "We Wanted to Demystify the Moroccan Wall," LE MONDE, 31 October 1984; and "When the Myth of the Wall is Shattered," EL MOUDJAHID, 29 October 1984. It is undeniable that the Polisario Front broke through the wall, but its effectiveness is debatable. We agree with Michael Jobert on this point: To be effective, the break-through must take place at one or more points, and the attackers must be able to follow through. JEUNE AFRIQUE, No. 1236, 12 September 1984. Or at least they must be able to hold a position. Regarding the materiel recovered from the Polisario Front during those battles, see, in particular, "Moroccans Recover Ultra-Modern, 'Highly Lethal' Equipment from Polisario," LE MONDE, 12 December 1984.
31. We refer especially to Mauritania. In our March 1984 interview with former President Haidalla, who was overthrown, he claimed that he had recognized the RASD in order to pin down the Polisario Front and force it to respect Mauritania's borders. It is curious that Col Taya, who opposed the recognition of the RASD and was considered incapable of carrying out a coup d'etat (that was why Haidalla had made him chief of staff), was able to do so. Evidently, the situation in Mauritania has changed significantly, and this will be seen in the coming months.
32. "Western Sahara Conflict Again Dominates OAU Summit," LE MONDE, 11-12 November 1984.
33. Alberto Miguez, "Qadhafi Did Not Go with Hassan," CAMBIO 16, No. 678, 26 November 1984. "After the Addis Ababa Summit," LE MONDE, 20 November 1984. "Morocco Feels Only Military Solution Remains," DIARIO 16, 14 November 1984. This article's analysis is not very correct. The king stated that even if Morocco withdrew from the OAU, the Nairobi I and Nairobi II resolutions would continue to be upheld. Quoted in "An Interview with the King of Morocco," op. cit.
34. The favorable votes of countries traditionally friendly to Morocco, such as Egypt, Guinea, Sudan, Tunisia and Senegal, are particularly noteworthy here. The United States representative had declared in committee that this was a good resolution. See LE MONDE, 7 December 1984.



35. Reda Guedira denied in Parliament that the union with Libya would have any adverse effect on the attitude of some countries. Quoted in EL PAIS, 6 December 1984.
36. We already indicated in our article "The Sahara Conflict," op. cit., how weak this position is.
37. See "Rabat Threatens to Revise Its Relations with Spain," EL PERIODICO, 2 December 1984; "Moroccan Parties Call for Change in Relations with Spain," YA, 2 December 1984; "Moroccan Press Says Spain's Attitude at UN Should Not Be Forgotten during Fishing Negotiations," EL PAIS, 5 December 1984; "Moroccan Political Leaders Ask for Recovery of Ceuta and Melilla," EL PAIS, 6 December 1984. On 4 December, Fernando Moran once again denied in the Senate that the Libyan-Moroccan treaty posed any threat to Spain. The previous month the defense minister had visited Rabat on the occasion of joint military maneuvers, and there had been speculation about the preparation of a military cooperation agreement.
38. "Nervousness in Morocco," EL PAIS, 6 December 1984. Spain has always maintained a position of admitting that the Polisario Front is a fact, but not the only force or party to the conflict. Spain has ceded the administration, but not the sovereignty of territory. That will only happen when a referendum that reflects the free determination of the Saharan people is held. This position has always been appreciated by Algeria.
39. The Moroccan draft resolution instructed the UN secretary general to continue studying the issue, offer his good offices for the rapid negotiation of a cease-fire, and after the latter was obtained, propose all appropriate measures to facilitate the organization of a referendum under the auspices of the United Nations.
40. On the gas controversy, in our article in REVISTA DE ESTUDIOS INTERNACIONALES, "The Sahara Conflict," op. cit., we indicated some of the negotiating positions in 1983. According to our information, which was gathered during various interviews, it appears that there was a certain amount of disarray on the Spanish side, with repetitions and changes for reasons no one was aware of, and even tasteless remarks by the director general of energy.

In 1984 Spain's proposals were unable to break the deadlock. Fernando Moran's speech in Algiers was somewhat deficient, giving the impression that he had not read the dossier very carefully. Then the proposals of April were presented, and the "Solchaga proposal" in June 1984. Then came the discussion in New York in September, and Alfonso Guerra's visit to Algiers. The Algerians rightly demanded prior recognition of the validity of the contract that was signed. On this matter, we would note the reports that appeared in 1984: "The Battle over Gas," CAMBIO 16, No. 642, 19 March 1984; "Stepping on the Gas," CAMBIO 16, No. 647, 23 April 1984 (this article reveals the reasons why the Spanish proposal was unacceptable to the Algerians, and Spain's failure to adhere to the amounts to be withdrawn after the transitional period); "Algerian Gas

May Lose Us More than 150 Billion," TIEMPO, 16 April 1984 (pro-Algerian); "The Battle over Gas," CAMBIO 16, No. 660, 23 July 1984 (which explains Spain's April 1984 proposal and Algeria's appeal to the Court of the International Chamber of Commerce); "Algerian Gas," CAMBIO 16, No. 672, 15 October 1984 (which explains the "Solchaga proposal" to extend the term of the contract); and Alberto Valverde, "Spain and Algeria to Resume Gas Negotiations," EL PAIS, 10 October 1984 (a little more complete). The response in the Algerian ambassador's statements to Alberto Miguez, repeating the need to accept the validity of the contract, ABC, 1 November 1984. An interesting article on alleged pressure by the United States, clearly "inspired," excessively abrasive and pro-Algerian, in Carlos Carnicero, "Alfonso Guerra Takes On Boyer's Pro-USA Policy," TIEMPO, 26 November 1984.

41. Libya's position on the solution to the Sahara conflict is that a referendum should be held. Felipe Gonzalez asserted that Spain's position "is not substantially different from Libya's." Quoted in "Felipe Gonzalez Claims Meeting with Qadhafi Marks Beginning of 'Mutual Loyalty,'" EL PAIS, 20 December 1984. But Qadhafi does not favor creating a new state in the region.
42. See, in particular, the reactions in the newspapers EL ALCAZAR and ABC beginning 21 December 1984. The reactions of the political party spokesmen, however, did not touch on military matters.
43. The very grave problem of terrorism and Libyan financing remains to be resolved as well. In our opinion, we should not overlook Felipe Gonzalez' interest in balancing his position in that meeting with those he announced at the 30th Congress on NATO. The article by Jose V. Colchero, "Felipe Gonzalez Did Not Explain Mystery of Yesterday's Meeting with Qadhafi," YA, 20 December 1984, is particularly accurate. There has been a flood of criticism concerning the effectiveness and results of that meeting. See, in particular, Alberto Miguez, "Libyan Irritation over Possible Normalization between Madrid and Jerusalem," ABC, 21 December 1984; Jose V. Colchero, "Frustration in Foreign Ministry after Qadhafi's Stay in Spain," YA, 22 December 1984; and "Ceuta, Melilla and Hell," EL PAIS, 22 December 1984.
44. In our opinion, in addition to solving the gas controversy, it will also be necessary to make progress on military cooperation with Algeria. The press recently reported some alleged contacts between Spanish and Algerian military personnel. The article is imaginative, and focuses on the Libyan-Moroccan treaty. "Spanish and Algerian Military Personnel Secretly Studied Defense Agreement in Madrid," DIARIO 16, 8 November 1984. It should be recalled that France has this kind of agreement with Morocco and Algeria. See, among others, Nicole Grimaud, "La politique exterieure de l'Algerie" [Algeria's Foreign Policy], Paris, 1984, pp 105 and ff.

Fortunately, Spanish diplomacy has begun to take steps to strengthen ties with Mauritania, a country that has been unjustly overlooked in our

Maghreb foreign policy; a model cooperation relationship could be established with Mauritania.

Finally, we emphasize that the problem of the Sahara conflict, a matter which we have deliberately avoided treating in excessive detail, cannot be solved in the short run. The solutions that have been considered are not, in our opinion, feasible at this time. Later on, if progress is made in current talks and contacts, the picture may change.

8926

CSO: 3548/149

POLITICAL

SPAIN

BRIEFS

MINISTRY RESTRUCTURE, APPOINTS--The restructuring of the Transport, Tourism, and Communications Ministry has been concluded with the appointment of two under secretaries: Ricardo Gonzalez Anton as under secretary and Maria Paz Fernandez Felgueroso as secretary general of communications with the rank of under secretary. In addition, five directors general have been appointed to the Transport, Tourism, and Communications Ministry. There were two other notable appointments: At the Foreign Ministry, Inocencio Felix Arias Llamas as director general of the Office of Diplomatic Information; and Salvador Bermudez de Castro as vice president of the Institute of Ibero-American Cooperation. [Excerpt] [Madrid Domestic Service in Spanish 1600 GMT 24 Jul 85 LD]

CSO: 3548/160

POLITICAL

SWEDEN

# INCREASED VOTER MOBILITY FOUND IN POLLS AS ELECTION NEARS

Stockholm DAGENS NYHETER in Swedish 21 Jul 85 p 9

[Article by Sven Svensson]

[Text] Never before in any voter barometer have the voters been as undecided about their choice of party as they are now. The strong party loyalty that once existed among Social Democratic supporters has weakened. This may mean greater mobility between the blocs. It is the young women who are most uncertain about their party choice as this fall's parliamentary election draws closer.

The above is shown by a poll of undecided voters that was conducted by the Foundation for Public Opinion Analysis. Unemployment among young people and the financial situation of families with children are the chief contributors to the uncertainty.

The poll was based on written responses from about 2,000 voters in April. According to the responses, 18.1 percent are undecided as to which party they will vote for.

That corresponds to over 1 million out of a total of 6 million persons entitled to vote. In broad outline, the results agree with a poll by the IMU [Institute for Market Research] showing that 16 percent of the 95 percent specifying a "best party" are undecided about their party choice.

In the two previous elections--in 1982 and 1979--mobility among the parties increased, according to the postelection polls. But mobility between the blocs decreased.

## Party Loyalty

The poll suggests that there is currently a possibility of increased mobility between the blocs, since uncertainty among Social Democratic sympathizers has increased.

In previous elections, party loyalty has been greatest among Social Democratic voters.



According to the foundation, the sympathies of the undecided voters lie to a great extent with the nonsocialist bloc. This was also reported by the IMU in its poll.

The foundation therefore reaches the conclusion that there will be a highly uncertain finish to the election campaign. Not since voter barometers first began have the voters been as doubtful about their party choice as they are now.

In 1982, it was primarily middle-aged women who were undecided about their choice of a party. This time, it is the young people who are most uncertain.

Of the average of 18 percent who are undecided, one out of every four young men between the ages of 18 and 29 (23 percent) indicates hesitation, and the figure among men between the ages of 30 and 49 is 13 percent, while among men over 50 years of age, only 9 percent are certain [as published].

Compared to 1982, uncertainty among young men has increased by 10 percentage points.

Among women between the ages of 18 and 29, 37 percent (more than one out of four) say they are undecided, compared to 14 percent in 1982. Among women between 30 and 49 years of age, 23 percent are undecided, compared to 17 percent 3 years ago, and in the oldest age group, 13 percent of the women are undecided.

Over 500,000 eligible voters are in that youngest age group of women, and that is the group that may tip the scale in the election.

Of the undecided voters who described themselves as uncertain this spring, 8 percent voted for the Conservatives in the preceding election, 18 percent voted for the Liberal Party, 15 percent voted for the Center Party, 14 percent voted for the KDS [Christian Democratic Union], 32 percent voted for the Environment Party, 16 percent voted for the Social Democrats, and 9 percent voted for the VPK [Left Party-Communists].

#### Deterioration

The figures signify a major deterioration for the Social Democrats, who had the lowest number of undecided voters in 1982 but are now at the same level as the middle parties.

The second striking figure is the one for the Environment Party, where one-third of the party's sympathizers say they are undecided whether to vote for their party. That uncertainty is probably related in part to the 4-percent barrier.

It is primarily unemployment among young people and the financial situation of families with small children that have contributed to the great uncertainty among voters.

The difficulty in choosing a party is also related to one's level of education. Thirty percent of those who completed comprehensive school had difficulty in choosing a party, compared to 23 percent of those with an upper secondary school diploma and 11 percent of those with a university or college education.

The undecided voters are often uninterested in political issues. Nine out of 10 of the young women say they are not interested in broadcasts from Parliament, question periods on radio, or editorials and political articles in the daily newspapers.

Among the young men, 8 out of 10 are not interested in political issues.

Interest in hearing about politics over the mass media has declined since the last election campaign as follows: TV debates: from 20 to 17 percent; questioning of politicians on TV: from 20 to 16 percent; and TV broadcasts from Parliament: from 12 to 10 percent.

On the other hand, political articles in the newspapers attract as much interest as they did in 1982 (9 percent). Among men of all ages, such articles arouse as much interest as TV broadcasts from Parliament.

Undecided voters attach most importance to campaign promises that affect them, while party leaders are not especially important in influencing their choice of a party.

The attitude for or against socialism means a great deal to 44 percent of those who have already chosen their party and to 32 percent of the undecided.

Of the 18 percent who say they are undecided about their choice of party, about one-fourth have some idea of how they are going to vote. That amounts to between 4 and 5 percent of the total electorate.

Twenty-three percent say they may vote for the Social Democrats, while 13 percent mention the Liberal Party, 12 percent the Center Party, 4 percent the KDS, 12 percent the Environment Party, and 10 percent the VPK.

On the other hand, the figures provide confirmation that the Social Democrats may find it difficult to hold their own among the undecided voters.

Some of the political demands being made by the undecided groups are these: a vigorous effort against unemployment (70 percent), lower food prices (69 percent), lower taxes (48 percent), lower housing costs (41 percent), and a vigorous effort on behalf of families with children (40 percent).

Others who are finding it hard to choose a party feel that the most important needs are to halt the death of the forests (70 percent) and to restrict immigration (34 percent).

POLITICAL

SWEDEN

# LIBERAL PARTY CHAIRMAN DEFENDS WELFARE STATE, ATTACKS SDP

## Westerberg 'Officially' Opens Campaign

Stockholm DAGENS NYHETER in Swedish 21 Jul 85 p 9

[Article by Claes Leo Lindwall]

[Text] "We support the welfare state," said Liberal Party leader Bengt Westerberg in Almedalen on Saturday. "We reject a change of system, but the Social Democrats have confused welfare with monopoly."

Bengt Westerberg was the first party leader to appear in Almedalen.

Before just over 1,000 listeners, Bengt Westerberg kicked off this year's Almedalen round.

He did so mostly by attacking the Social Democratic Party [SDP] for threatening the market economy. But he also emphasized that the Liberal Party wants no part of a neoliberal change of system.

Almedalen is Visby's medieval port that silted up and provided a place for a park. The only water left now is in a small pond with quacking ducks.

### Favorite Haunt

Located in the middle of town, the park is a favorite haunt of vacationers. The young can really enjoy their vacations in Visby.

There they can work on their summer tans within close reach of the evening discotheques.

Almedalen became known politically in the early 1970's, when Olof Palme, a summer resident of Gotland, made it a tradition to end his vacations with a speech in Almedalen.

Other politicians joined in, and the mass media followed in the ring dance that is characteristic of modern politics.

The fact is that votes from Gotland do not decide who is going to control the government.

It is the entire country that the politicians are addressing from Almedalen. This is where the big ideas are expressed; this is where the election campaign begins.

On Saturday, there was a gathering of people from Gotland and the mainland as well as Liberal Party members and editors. Not to mention a couple of "spies" from other parties. To the music of Sweden's Jazz Band, the public and the party leader were able to exercise their muscles before the time came for Bengt Westerberg to make his position known.

#### Making it Known

His speech was an attempt to show where the Liberal Party stands between the socialists and the Right.

"We support the market economy and welfare," said Bengt Westerberg. "That is what we mean when we talk about social responsibility without socialism.

"It is sometimes claimed in the debate that there is conflict between those goals. That is not true. The welfare state was originally liberal, and its entire basis was the foundation provided by a market economy.

"There is no reason to be surprised that orthodox Marxists even considered it a threat--a way of bribing and duping the working masses and enticing them away from the impending and necessary revolution.

"But opposition to the welfare state came not only from the Marxists. Conservative forces also combated it, and today it is the so-called neoliberals who are aiming their poisoned arrows at welfare ideology.

"The welfare state paralyzes people and makes them lazy. Or so it is said.

"But the security provided by the welfare state is positive. Deep down, even those who may feel attracted by the siren calls of neoliberalism probably realize that."

At his press conference, held according to tradition before his speech, Bengt Westerberg said that if the Conservatives were going to make good on their statements about dismantling general welfare, it would be difficult for the Liberal Party to govern together with the Conservatives.

#### Majority

"But even though leading Conservatives have made statements in that direction, they have not pursued it in their practical politics."

Instead, the conditions exist for a nonsocialist majority government that can unite against the SDP's "revolution in small steps"--steps that are taking Sweden away from the market economy.

"During the past 3 years alone, they have taken several steps that are leading us away from a well-functioning market economy," said Bengt Westerberg. "The most important, of course, was the introduction of wage earner funds. But there have been several more steps since then: regulations, higher marginal taxes, heavier taxes on economic success, the unfair treatment of individual stockholders, greater state control over commercial banks, a strengthening of government monopoly, and so on."

Bengt Westerberg emphasized to the press that the Liberal Party's starting point is that there will be a nonsocialist majority government.

#### Optimistic

"I am optimistic on that point because the nonsocialist parties are in broad agreement."

But there are issues on which the Liberal Party finds it difficult to compromise: aid to developing countries, compensation for long-term illness, and labor market policy.

What job does he himself want to have in a nonsocialist government?

"The job of prime minister. That is what all party leaders want."

#### Paper Views Liberals' Strategy

Stockholm DAGENS NYHETER in Swedish 21 Jul 85 p 2

[Editorial: "Westerberg on Two Fronts"]

[Text] In the 1976 election campaign, Per Ahlmark used the slogan "Social reforms without socialism" to conduct a veritable war on two fronts: against the Social Democrats and the Conservatives. In that election campaign, sharp boundary lines were drawn to separate the party from both the Right and the Left. The party leader's energy in putting across a social liberal message gave the Liberal Party badly needed success and contributed greatly to the change of government.

In this year's election campaign as well, the Liberal Party has a new leader whose task it is to turn defeat into success. But the starting position is more difficult this time because the Liberal Party has lost more ground among the voters and the climate in society has appeared less favorable to social liberal ideas for several years. The confrontation between Social Democrats and Conservatives is troublesome for the Liberal Party, which winds up almost inescapably in an intermediate position in the fight between the big two.

Bengt Westerberg made his first attempt to turn that situation to his advantage in the park in Almedalen. It is commendable, although not new, that in a campaign characterized by exaggeration and demagoguery, he is making an effort to plead the cause of good sense and objectivity. But in Visby, Westerberg tried out Ahlmark's approach for the first time by explaining simultaneously what



separates the Liberal Party not only from parties on its left but also from those on its right. In doing so, he also put deeper meaning into the Liberal Party's slightly altered slogan "Social responsibility without socialism."

Still dominant was the criticism of the SDP on well-known themes. On the subjects of government monopoly, creeping socialism, or Dagmar, Westerberg repeated what he has said in countless debates and what he will say again as soon as the opportunity presents itself. Politics is often a matter of harping.

The interesting thing, however, is that this time the Liberal Party leader emphasized so strongly that the market economy, which he says the Social Democrats want to weaken, is the condition for a successful welfare policy. Only a liberal economy with room for private initiative can provide the resources needed to support the old, the sick, and the handicapped, said Westerberg. He emphasized that the welfare state has its historical basis in liberal ideology, adding that it was seen as a threat both by orthodox Marxists and by conservative forces and that it is now so viewed by so-called neoliberals as well.

Here the distinction made by Westerberg applied more to individual participants in the debate than to the Conservatives as a party: he said he had not noticed any of the ideas hostile to the welfare state producing concrete results--for example, in the form of Conservative motions in Parliament.

That assessment can be questioned. Especially on the issue of labor market regulations, the Conservatives have submitted very far-reaching proposals, one example being the proposal to repeal the law on working hours, which was designed to protect the weakest groups. The Liberal Party leader himself could mention several Conservative proposals that he found unacceptable in a government program--examples being reductions in aid to developing countries and the elimination of government subsidies for schools for the mentally retarded.

Also of some interest was the fact that in response to a direct question, he mentioned Staffan Burenstam Linder as a representative of those hostile to the welfare state. Linder, of course, is not just an individual participant in the debate--he was also chairman of the group that wrote the draft of a new Conservative Party platform.

Like Per Ahlmark before him, Westerberg is going into the campaign with the expressed intention of cooperating in the formation of a nonsocialist majority government. That presupposes cooperation with the Conservatives, whose voter support has just about doubled over the past decade. The conclusion might be that in the name of mutual understanding, one ought to tone down political antagonisms and seek a middle way even during the campaign.

But the exact opposite is more likely the case. If the Liberal Party is to have any chance of retaining its identity in that company, it must explain clearly and in advance where the boundary lines are. The energetic work done by the Liberal Party leadership during the summer--with reports on the rivers, corporatism, radio and TV, and research having been publicized--is in danger of being quickly forgotten if the party does not also state clearly who the opponent is in each specific area.

That way of conducting the election campaign would certainly stir up bad blood here and there. But for the Liberal Party, it is a matter of getting into the real election debate, in which a party gains both friends and enemies. And it is only by taking the offensive that a party midway between the big two has a chance of upholding its ideas.

11798

CSO: 3650/292

MILITARY

EUROPEAN AFFAIRS

# SWEDISH MAJOR STUDYING AT FINNISH WAR COLLEGE COMPARES OUTLOOKS

Helsinki HUFVUDSTADSBLADET in Swedish 3 Jul 85 p 14

[Article by Goran Ek]

[Text] A Swedish major in uniform on Mannerheim Road in Helsinki!

What is he doing in town?

Bertil Kantola, 37, will graduate from the Finnish War College this fall.

He chose to study here rather than graduate from the Armed Forces Staff College in Stockholm with fellow officers of his age.

Bertil Kantola comes from Pajala in Sweden's Tornedalen. The language spoken in his home was Finnish, so he is bilingual--a prerequisite, of course, if he was to be able to study in Helsinki.

Two other Norrlanders have studied here before him--one in the early 1960's and the other 10 years later. The reason is that not many Swedish officers speak Finnish well enough to cope with studies at such a high level as those at the War College.

It was thanks to a tip from a former Swedish military attache in Helsinki that Bertil decided to come here 2 years ago.

We asked: "Have you regretted it?"

"No, absolutely not. It has been hard work, but definitely worthwhile."

## Many Similarities

According to Bertil, there are many similarities in the military thinking of Sweden and Finland.

Both countries are wedged between the big military power blocs. NATO patrols--and dominates--the airspace over the North Atlantic and the Norwegian Sea from Keflavik in Iceland and elsewhere. The Warsaw Pact has again concentrated its

forces on the Kola Peninsula, where 70 percent of the Soviet Union's strategic submarines are stationed.

For neutral Sweden and Finland, it is therefore a matter of choosing weapons and forms of organization that are adapted to our special defense missions and our most favorable natural conditions.

"Time after time, the lectures at the War College make one say: 'Aha!--that is how we feel about it back in Sweden, too.'

"Our views are essentially similar. It's just that problems are tackled from a different direction here in Helsinki. That is the most interesting thing, in my opinion."

#### Capable in the Woods

In some areas of instruction, the Finns are remarkably advanced.

"The guys are used to moving about in the woods and fields. They are riflemen to their fingertips. They move quickly, effectively, and independently. Moreover, they are very familiar with the local terrain. The frontier guards are selected from men of this kind. They are really topnotch people."

Finland's defense forces have some quite new Swedish equipment (for example, armored vehicles, Bofors guns and missiles, and Draken aircraft), but in addition to domestic equipment, there are also large inventories of older and newer Soviet materiel.

"The equipment is simple, sturdy, and tough, but above all, maintenance and handling are easily learned."

That is naturally extremely important, because war materiel must function when it is needed.

"I must have visited nearly 25 different units during my stay in Finland. There have been exhibitions of mortar fire, artillery, and coastal artillery. I say that it has been very, very impressive. The Finnish military really know their job."

#### Military Tradition

When Bertil Kantola returns home this fall, he hopes to become a company commander in one of the companies of emergency troops in Sweden's Lapland Rifle Regiment, where he has already served for 19 years.

"I like that job. The guys are volunteers and big vigorous people--50 men in all--who have been picked perhaps from among 500 or 600 applicants.

"They are strongly motivated and greatly interested in what they are doing.

"People have sometimes asked me if there is any major difference in attitude between Swedish and Finnish conscripts.

"My answer has been that in any case, the similarities are greater than the differences.

"On the other hand, it can be said that tradition plays a big role. A Finnish conscript whose grandfather fought on the front really knows what defense is for. The idea of the fatherland is a living reality. The guys don't make any big fuss about it, but the will to resist is strong deep down."

#### Expenses Paid

During his time of study in Helsinki, Bertil receives his pay, and in addition, his direct expenses are covered by the Swedish Army. Conditions are perhaps somewhat better for him than for his Finnish colleagues, who usually have to rent additional housing for themselves in Helsinki.

"The only negative aspect for me is that I am a long way from my family back home in Kiruna.

"There aren't many trips home on leave. During the first year of study, I had only two free weekends the whole time."

There is considerable emphasis on evening study:

"When school ends at 1700 hours, group work begins. It is not unusual for us to keep going until nearly midnight. There are absolutely no problems with free time. For example, work for my diploma along with the associated research is done entirely on my own time, usually during vacations.

"The formal entrance requirements were the same as those that I would have to have met at the Armed Forces Staff College in Stockholm. The examination papers should also have the same value in Sweden that they have in Finland.

"Afterwards, it will feel good. The War College has provided useful and refreshing stimulation. Now I feel as though I would be ready to take on just about anything.

"It will be nice to get out in the field again."

#### Coffee Breaks

Sometimes the lecturers at the War College drift into areas that are confidential by nature.

"When that happens, I am usually warned ahead of time or amicably urged to take a coffee break. If the session is going to take a while, I am usually given something to do until it is over.

"Naturally, these things are entirely a matter of course. The same thing happens back home in Stockholm where foreign military are concerned. In large military schools abroad, there are usually special classes for foreigners. Here in the Nordic region, we have not gone that far."



Bertil does not believe that there are any great differences between Sweden and Finland when it comes to instruction.

"There may be a few more instructors in Stockholm. That is simply a matter of resources. The quality is the same. And that is what must be judged, of course, and nothing else. Colleagues of mine who have studied in the United States, France, Great Britain, or Italy say that we need not be ashamed of what we do. Nordic military instruction is at a very high level."

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MILITARY

FINLAND

#### COASTAL LIGHT INFANTRY TRAINING DESCRIBED

Helsinki UUSI SUOMI in Finnish 3 Jul 85 p 8

[Article by Antti Kauranne: "When Moses Was Lying in the Reeds and Crying...The Coastal Light Infantryman is a Tough Guy"]

[Text] Who was the first coastal light infantryman in the world, mentioned even in the Great Book?

Well, Moses, of course!

You see, he was lying in the reeds and crying...

The Finnish coastal light infantry training program is completing its first quarter of a century in serious, busy work. The battalion is feverishly getting ready for its 25th anniversary, to be celebrated on Friday, the Fifth of July, the memorial day of the Battle of Teikari.

The battle of Teikari was one of the furious fights of Viipurinlahti [the Bay of Viipuri], says the current commander of the battalion, Lt Col Juha Engstrom, who is proud to present his small unit with a tough reputation.

#### Only the Best are Chosen

Every year the Coastal Light Infantry School chooses, based on the applications, about 240 from among over 400 candidates to participate in the preliminary tests. After the psychological and physical tests, about half of them will be accepted for training.

Those who are chosen are well-motivated men who, along with getting tough and unique training, develop a tough military spirit, the trainers assure us.

All coastal light infantrymen receive the minimum of a section commander's training, and part of them attended commissioned officers' school.

Even the Coastal Light Infantry School is tough and demanding--about ten percent have to drop out from the course due to illness or some other reason.

The men coming here do not have section commanders of their own even when they are recruits. The men start commanding each other from the very first day, says commander Engstrom.

#### Life in the Archipelago

The garrison of Upinniemi is located in the beautiful Porkkala area where the coastal light infantrymen are trained for the demanding battle conditions of the archipelago. The battalion can move along the Suomenlahti [the Bay of Finland] independently, using its own vehicles.

This summer the coastal light infantrymen have had the opportunity to be particularly close to nature since the barracks of RannJP [Coastal Light Infantrymen Battalion] are being remodeled and the battalion's staff officers' company is accommodated in tents for a couple of months. Approximately 70 men live in a group of tents on the seashore. They are enjoying it, but they do have color TV and electric heaters to make life a little more pleasant.

There is some rush to the only shower we have, but in the sea there is room for more bathers, assures one of the men.

On the anniversary of the coastal light infantry, lieutenant colonel Engstrom with his troops will show the invited guests how the Finnish marine light infantry does precision work with air defense cannons and grenade launchers from a boat going at the speed of 30 knots.

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CSO: 3617/140

MILITARY

FINLAND

# ARMY'S CIVILIAN WORK FORCE SEEKS GREATER STATUS, PAY

Helsinki HELSINGIN SANOMAT in Finnish 8 Jul 85 p 10

[Article by Tiina Rasanen: "Over Half of the Army's 10,000 Civilians Are Women; Nonexistent Career Advancement and Pay Plague Them"]

[Text] Armed Forces civilian personnel feel that they have been neglected in the Army. Few of them even know how many civilians there are in the Armed forces and which jobs they hold. Likewise, inside the Armed Forces civilians have felt that they have the status of stepchildren. They are not even asked for their opinions on matters that concern them.

Over 10,000 civilians, slightly over half of whom are women, are at present employed in the Armed Forces. Many civilians are government employees, but among them there are also contract workers, enlisted personnel and those paid with employment funds.

Over the past few years civilian personnel trade unions have begun to get up on their hind legs. The abuses have been enumerated: underpayment, non-existent career advancement, difficult working hours, an absence of training and job health care, being in the so-called hole, that is, poor working conditions for those working on the rockpiles, etc.

According to the commanding officer of the General Staff responsible for civilian affairs, Maj Gen Erkki Rannikko, the Armed Forces are aware of the civilians' problems. However, everything depends on the budget. So far the Finance Ministry has been the first to prune the defense budget of appropriations for civilians. Nor has the Labor Ministry demonstrated interest in Armed Forces civilian personnel affairs.

The trade unions and the Armed Forces, however, want to remind the decision-makers that skilled civilian personnel are today indispensable to the Armed Forces.

## Underpaid Women

Some Armed Forces civilians belong to the VTVL [expansion unknown], the STTK [Finnish Central Federation of Technical Functionaries] and the AKAVA [Academic

Professional Commission], but from 85 to 90 percent of the government employees belong to the Armed Forces Personnel Union. The number of members is at present about 5,000. Civilians from mess hall helpers to computer programmers belong to the union.

PvHL [expansion unknown] chairman Pirkko Mattila feels that civilian personnel's biggest problem is pay inequities. The problem affects civilian women more than civilian men. Women's wages are generally within the A1 - A5 range, that is, basic wages range from 3,481 to 3,758 markkas. Only about 10 percent of the civilian women belong to the A5 - A10 wage categories. A woman rarely gets beyond that range.

According to Mattila, one of the PvHL's most important objectives in next fall's wage negotiations is precisely improvement of low-wage civilians' status by, for example, eliminating every other wage category up to A10.

#### Washerwoman as a Bookkeeper

Another thing that annoys civilians is the fact that their jobs often do not correspond to their official titles. For example, at the Oulu garrison for years a vacancy for a washerwoman was filled by a woman who nevertheless worked as a bookkeeper. Many women also perform the tasks of the commander's secretary on staffs and in garrisons filling the post of and with the pay of a typist or office assistant. The reason is simply that a post provided with the appropriate job title is not vacant.

The titles of Armed Forces civilian posts and occupations were last reviewed in 1952. In the course of time titles have become obsolete and the need for civilian workers in the Armed Forces has also increased. New posts and job titles have, however, been created in a very random way.

The Armed Forces cannot, however, be held most to blame for the mess. According to commanding officer Rannikko, they know about the lack of new posts as well as about the misrepresentation of job titles. Rannikko stated that the Armed Forces could even tomorrow permanently hire 600 civilians and, with a week's time to prepare for them, 1,500 more.

There are constantly about 1,400 civilians in the Armed Forces paid with employment funds, to whose employment both the permanent employees and the Armed Forces react negatively. Permanent jobs would be a better alternative from the standpoint of this short-term labor force as well.

Speaking of the misrepresentation of job titles, Rannikko alluded to a report published last fall by a committee appointed by the Finance Ministry in which, among other things, over 1,000 job title misrepresentations among Armed Forces and Border Patrol personnel were attested to. According to Rannikko, the Armed Forces are trying to correct these job title misrepresentations and the shortage of posts through the personnel budget and the use of organizing funds. Rannikko does not, however, believe that the situation will be eased before the middle of the next decade.



The Armed Forces do not want to blame the Finance Ministry any more than they do the Labor Ministry for the difficulties, but Pirkko Mattila of the PvHL is of another opinion. He has noted that the national administration primarily assumes this attitude: "The Armed Forces are their own independent unit. Let them take care of their own affairs; we won't interfere in them."

#### "Civilians Are Children"

According to Pirkko Mattila, one of the other civilian personnel problems is especially the almost total lack of career advancement for women. A typist rarely gets to fill a vacancy for a secretary, even though her duties may be those of a secretary. It is very common for a woman to retire at a wage category of from A1 to A4 after having served from 30 to 40 years in the Armed Forces.

The training of civilian personnel in the Armed Forces is also still in its infancy. For example, when they started using automatic data processing at Armed Forces pay centers, they sent one man for training and he taught the other employees. They very soon had to admit that the machines were slow and their capacity was insufficient. They would also have required more room. The regular bureau personnel were not permitted to participate in the planning effort.

Mattila said with a little bitterness in his voice that the Armed Forces treat their civilian personnel like children who do not understand anything. They do not dare to rely on civilians. It is the military personnel who decide; the civilian personnel occupy second place.

#### Enlisted Personnel Get Same Wage

Women are also employed in the Armed Forces as enlisted personnel. About 40 percent of the Armed Forces' 1,400 enlisted personnel are women. Enlisted personnel have public law service status and are subject to the military code of justice in connection with their service duties. They must wear uniforms at work. Enlisted men are, of course, required to perform military service. Over the past few years the proportion of women has actually declined since the Armed Forces need enlisted personnel primarily for guard and transport duties, for which basic training is required.

Enlisted women work primarily at air and sea reconnaissance and message center jobs. Some of them work at the same jobs as civilian personnel in offices and telephone exchanges. Civilian women take a slightly controversial view of the situation since enlisted women get higher wages thanks to a different wage system. Enlisted personnel's wages are determined in accordance with the number of work years. At the most they may receive a salary compatible with an A10 wage category; however, on the average with a category of from A5 to A7.

According to Matti Jarvinen, the chairman of the Enlisted Personnel Union, enlisted men and women get the same wage. To be sure, those enlisted personnel who fall into the top wage category, A10, are primarily divers and pilots, and they are men.

According to Jarvinen, enlisted personnel's problems are largely the same as civilian personnel's: wages, job title misrepresentations, in-the-hole situations and inconvenient work shifts for those who work in the forts. As concerns enlisted women, they also come up against nonexistent career advancement. Enlisted men can to a certain extent go on to become administrative officers after 2 or 3 years, but women do not have this opportunity.

#### Nevertheless, Civilians Get Along Well

Despite the many drawbacks, according to trade union investigations, civilians get along well in the Armed Forces. With the exception of kitchen personnel, civilians remain in Armed Forces service for relatively long periods of time. According to Mattila, some civilians "identify with" the Armed Forces spirit and feel that they are doing valuable work for the national defense. The atmosphere of the workplaces is also generally good. These past few years relations with the cadre have become less official.

Contacts between the trade unions and the Armed Forces have also increased over the past few years. PvHL chairman Pirkko Mattila has, nevertheless, gotten used to the slowness of changes that take place in the government administration. He believes that concrete changes in the status of Armed Forces civilians will occur within from 10 to 20 years at the earliest.

#### Photo Technician a Specialty Among Civilian Personnel

In addition to the traditional kitchen, cleaning and office jobs, women in the Armed Forces handle many jobs which used to require military training. For example, radar surveillance and message center work have largely become women's jobs.

Leena Perala, 50, works as a photo technician at the Niinisalo garrison. She came there 30 years ago as a laboratory assistant. Aside from gunpowder studies, she also had to take photos. She got so interested in photography that, after a laboratory career of 10 years, she applied for a photo technician's post that had become vacant in Niinisalo. The only woman applicant, she won out over many men and Leena was chosen.

Officially, a photo technician manages the garrison photo laboratory. In reality Leena also does practical work. Among others, this includes the photographing of personnel, research and training photography, illustrations of Army guides and pictures of garrison visitors and military exercises. The UN troop training center located in Niinisalo produces a lot of work. Twenty passport photos of every UN soldier are taken for the archives. During the busiest period, when the troops leave for service, Leena Perala takes as many as 1,000 pictures a day.

The Niinisalo photo technician also takes care of the garrison printing jobs. Among others, Leena Perala prints maps, short operating instructions and the programs for Armed Forces competitions organized in Niinisalo.

Different kinds of office jobs like compiling statistics and taking care of the photo archives also take time. Leena Perala has one enlisted man as a helper in these various tasks. There is, however, enough work for several people.

"Only yesterday I went to my superior to complain how we absolutely need more workers in the photo laboratory. He responded to the matter very understandingly, but everything depends on money. Since there's a labor shortage in the other garrison sections too."

#### They Rely on the Woman Photographer

Leena Perala says that she is an exceptional civilian in the service of the Armed Forces in the sense that she has received sufficient additional training in her work at the General Staff photo center and with equipment firms. The equipment is also up-to-date and adequate.

The wages of Leena Perala and laboratory assistant Liisa Knudsen, who works at the Armed Forces research station in Harakka, are "at the top," A10, for civilian women working in the Armed Forces. In markkas the basic A10 wage is 4,166 markkas. While their wages are not large, both of them feel that the lack of career advancement is a tougher problem. They are and will remain at their posts until retirement.

Both of them, however, get along well in the service of the Army. Liisa Knudsen values the good common spirit of her job. Her only fear is that the research station at Harakka may be transferred to Lakia in the distant future since a move is impossible for her for family reasons. The problem is a familiar one for civilian workers. The military personnel are used to moving from one place to another, but it is harder for a woman with a family and a small salary to suddenly move somewhere else.

For Leena Perala the best sides of the job are the independence and creativity it affords. According to Leena Perala, the attitude people have toward the woman photographer has also changed enormously over the years. Respect for her has increased and they rely on her. Leena Perala feels that the fact that she has been allowed to photograph military exercises too is an indication of that trust. She believes that her example has also had an effect on the fact that they have begun to hire women for photography jobs more and more often in the military districts.

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CSO: 3617/135

MILITARY

FRANCE

FOREIGN VIEW OF DEFENSE CUTS, LACAZE STATEMENT

Zuerich NEUE ZUERCHER ZEITUNG in German 4 Jul 85 p 3

[Text] General Lacaze, chief of staff of the French armed forces, outlined in strong terms the cuts that will have to be made, particularly in conventional arms, as a result of insufficient funding. The general, who will retire from active duty at the end of this month, made the statements in a confidential report on the "very serious financial inadequacies" of current defense plans.

General Lacaze, chief of staff of the armed forces, who will hand over his responsibilities to General Saulnier on 1 August and then only work for Defense Minister Hernu as special advisor for African affairs, has drawn a disturbing picture of France's shrinking defense spending, according to the news magazine LE POINT. However, the confidential document whose existence Gaullist defense expert Fillon had mentioned in an extremely critical study of the socialist government's military policy, does not seem to contain direct criticism. Rather, it attempts a factual description of possible cuts in present defense plans. Lacaze notes that drastic cuts must be made because of a Fr35 billion shortfall in funds, including Fr27 billion for conventional and Fr6 billion for nuclear arms, and about Fr1.2 billion for space systems. The breakdown of these areas indicates that the general is talking of a genuine concentration on nuclear defense. Still, ever since the nuclear "Force de frappe" was set up, every French government has shied away from the agony of having to make a choice between the one or the other in light of the lack of available funds that are necessary to maintain, in parallel, a sufficiently modern nuclear force and, at the same time, an adequate potential of conventional armed forces.

Restructuring of the Armed Forces--Patchwork?

Six months ago, General Lacaze, who has always exercised rigorous political discipline vis-a-vis the defense ministry--something other officers have held against him at times, e.g., recently the anonymous "Colonel Spartacus" in his virulent criticism of the Chad intervention--, instructed General Gossot, who is assigned to him, to warn against the consequences of military spending cuts. Subsequently, he himself expressed very discreetly in the Elysee his concern that, if the financial goals for 1984-1988 were continued to be slashed, the completion of the ongoing reorganization program of the



armed forces might remain patchwork. Soon afterwards, General Forget of the air force, which is especially hard hit by the cuts, came forward with equally strong warnings. Three years ago, all chiefs of staff of the three military services had already sounded the alarm, although at that time it was primarily a preventive strategy in the budget battle. But only Army Chief of Staff Delaunay quit his job 3 months later, while Lacaze, true to his nickname "Sphinx," stayed on, without a visible frown, as head of the armed forces whose funds continued to be cut.

Recently, military expert Daillet of the French Democratic Union (UDF), submitted on behalf of his organization a comprehensive critical study on France's diminishing defense capability under the aegis of Mitterrand. A short time later, Fillon, the young defense spokesman of the Gaullists, did the same for his group. These two extremely well-documented papers are already becoming the basis for the election campaign and, at the same time, for this year's parliamentary debate during the midterm examination of the program for the period up to 1988. Fillon noted, for instance, a 40 percent decline in new fighter plane orders and an average reduction of 36 percent in naval ship tonnage. He said that the defense share of the total budget dropped from 16.9 percent 4 years ago to the present 14.8 percent.

#### The Consequences in the Conventional Area

Examples of the arithmetics of budget cutting are almost endless. Many of them will be brought up in great detail during the defense debate. At the moment, the consequences indicated by General Lacaze himself seem to be important. Among them could be the continuing delay in developing the new M-5 missile for future nuclear-missile submarines because, for the time being, the current financial framework is hardly sufficient to handle more than the conversion to M-4 missiles, which has now begun. In addition, a new delay is becoming apparent in the already controversial development of a mobile SX medium range missile. Cuts also appeared to be planned in tactical nuclear weapons and that could mean fewer Hades missiles and fewer Mirage 2000's in the nuclear version. Fillon had already made similar proposals. On the other hand, the possible consequences for the conventional components look much more drastic, since Lacaze talks of the obvious principle of reducing them by 25 percent. That would mean, among other things, a reduction by over 300, to no more than 800 battle tanks, numerous sacrifices in the introduction of modern battle materiel and only 320, instead of the hitherto "sacrosanct" minimum of 450 fighter planes. The navy could lose about 80,000 of its current 300,000-ton capacity and half of its mine-warfare capability. At this time, these drastic examples document only the possible consequences of the shrinking financial resources of the French military which can no longer be denied. The decisions have by no means been made and, in all likelihood, are not going to be made in this way. Lacaze's realistic conclusions, which deserve to be spared from any distortions in election-campaign polemics, are now already of special importance in assessing the battle strength of the French armed forces.



## Hidden Concerns

Together with the indiscretion concerning Lacaze's confidential report--whose existence was confirmed by the military expert of FIGARO while, typically, the defense ministry only released a formalistic denial of a "confidential letter"--, the semiofficial monthly DEFENSE NATIONALE [National Defense] published a speech given by the chief of staff last May, in which he again expressed concern--discreetly but without exact financial data--particularly about cutting the activities of the armed forces by an average of 5 percent. In the same vein, Lacaze advocated, as part of a larger effort for space systems, introduction of the neutron bomb, development of the capability to retaliate against chemical attacks and design of missiles to combat satellites. In addition, he demanded comprehensive air support for the deployment of the army's part of the rapid action force [force d'action rapide], which he described as an absolute prerequisite for military operations in Europe. These statements by somebody who so far has been silent and who now, immediately before his departure, is outlining his views for posterity in a somewhat different way, met with a broad response. The defense minister, on the other hand, has transmitted to parliament his report on the results of the first 2 years of medium-term defense planning, in which the immediate objectives are described as having been accomplished. However, a debate of the report and, in particular, of the question of how the program can be supported after 1986, will not be held until this fall.

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MILITARY

NORWAY

NEW DIRECTOR OF MAIN ORDINANCE MANUFACTURER ON PROBLEMS

Oslo AFTENPOSTEN in Norwegian 11 Jul 85 p 2

[Article by Kjell Aaserud: "KV Is on the Right Track"]

[Text] At the same time as Tiedemanns [a large tobacco firm] presented very good results for 1984, the factory owner, Johan H. Andresen, assumed the position of chairman of the board at Kongsberg Weapon Factory (KV), which for several years has partly had large red figures on its books. Andresen is optimistic about KV: "The main goal is that the firm can stand on its own two feet, even though we now can confirm that the results for the current year will not be good."

It was former Minister of Industry Jens-Hallvard Bratz who drew Andresen in to the board of KV. Bratz reasoning was that this should be considered as an extension of Andresen's conscript service. Andresen himself was hesitant.

"My opinion today is that KV is on the right track," Andresen told AFTENPOSTEN. He is quick to point out extenuating circumstances for the deficits of recent years, decisions which he himself was not present to make: In the 70's it was decided that KV should participate in the F-16 program on a large scale. That would be a long term thing. But it was decided to cut the program back--the chief of defense had other priorities--and KV sat there with its production apparatus without really being responsible for its turning out that way. This apparatus can be used for other production, but it will not give immediate economic results.

"KV's present situation also has another important cause. A number of years ago the firm was used as the government's implement to rescue weak activities outside KV, as for example Norcontrol in Horten. I am convinced that those who now control the ownership will not allow such things to happen again."

"How will KV make its living in the future?"

"The company has four main areas--defense, offshore, automobile parts and turbines. That gives a necessary concentration after other areas have been separated out by cooperation with other participants.

"After 4 years on the board I have a feeling that KV has a very interesting milieu. The combination of high technology and good quality--a result of the F-16 tasks--should give the firm interesting possibilities on a commercial basis. The combination of expertise in electronics and mechanical activities at KV is almost unique."

"Has privatization of KV been under discussion?"

"Yes, and it will crop up again, but not right away. It depends entirely on decisions of the owner. I think it is likely that KV will develop areas which are so interesting that there will be interested and interesting partners."

"In addition I should say that the situation of the board will now be different. Bjarne Hurlen was a working chairman of the board. He had a lifetime career in KV behind him and had entirely different qualifications than I, who do not know the firm from the inside. The labor situation for the new board will be different. It must be firmly based on good cooperation with the administration. Personally I am glad that Anders Lissen is on the new board. He is an experienced company manager with technical qualifications. There are short and good questions about cooperation in a meeting which will also work with the administration."

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MILITARY

NORWAY

#### ARMED FORCES CAPABILITIES TO DROP WITHOUT MORE FUNDS

Oslo AFTENPOSTEN in Norwegian 17 Jul 85 p 5

[Op Ed Article by Arve Roys Stranden, chairman of the Oslo Defense Association: "Defensive Strength and Need for Appropriations"]

[Text] Defensive strength until the year 2000 will be greatly weakened if the Ministry of Defense is not given resources beyond those allocated in the defense budget. That is the conclusion which is now reached by the National Defense Research Institute (FFI) at the expiration of 6 years of the 1974 Defense Commission's planning period. If the minimum defense which the Defense Commission advocated is to become a reality, 10-15 billion kroner must be appropriated for the purchase of material, according to a pamphlet about "The Future Structure of Defense" written by chief scientist Ragnvald Solstrand of FFI. Both military and political authorities have long clearly understood that the goals of the commission are impossible to attain without large extra appropriations. But Norway will not get the minimum defense which was planned in the 1970's if the politicians do not increase the appropriations for defense beyond the framework of the defense budget.

The situation was well illustrated by the tragic accident on 12 June in which a two-seater F-16 aircraft crashed. At the beginning Norway purchased 72 such F-16's. The Defense Commission emphasized in its report that it regarded 72 as a minimum strength. And the commission assumed, among other things, that the aircraft would be equipped with long range antiship missiles. That assumption was not fulfilled. Delivery of the missiles will probably first begin in 1987 and finish in 1989. During that time we have only limited use of those very advanced and expensive aircraft.

The Defense Commission, which was first led by Odvar Nordli and later by Ronald Bye, believed that we must obtain replacement aircraft for those which naturally will be lost in peacetime. There was even an expense item in the material plan for those extra aircraft.

Of the original 72 aircraft we now have 68 remaining. Norway has received several offers from the United States for the sale of replacement aircraft, but so far the government has said no. An eventual purchase has been postponed into the future.

However it is not difficult to calculate ahead to what the situation will be for the Norwegian Air Force in the year 2000. An average of 1.5 Norwegian fighters are lost by accident every year. That is low when compared with the accident rate in other countries. Without replacement aircraft Norway in 2000 will have only 45 F-16's, which means that our air force will hardly be able to carry out the missions assigned to it.

Another very good example of the weakening of our defensive strength in the year 2000 is the significant reduction in the striking power of our submarines. Today we have 14 submarines of the 15 which were built in the 60's. In the Defense Commission's long term plan it was assumed that the 15 submarines would be replaced by 10 submarines of the next and more advanced type. The commission's minimums were not fulfilled here in submarines either, as only six new submarines will be built.

In addition to the six submarines probably some of the older "Kobben" class will be modernized. But nonetheless it is claimed beyond any doubt that our invasion defense, of which submarines are an important part, will be greatly weakened during the 1990's. The only thing which can prevent such a development is greater political will to offer more to the defense forces.

The defense leadership has for a long time tried to get the politicians away from the awkward percentage debate which the defense budget always turns into. The discussion should rather be concerned with whether the Ministry of Defense is getting the resources it needs to carry out the missions assigned to it.

A central question will be whether we can accept a weakening of Norwegian defenses at the same time as the Soviet Union is undertaking a powerful buildup of forces in our near vicinity both in the north and south. This Soviet buildup means that our defense forces are relatively still poorer.

Another important question is whether we are willing to "import" or borrow military strength from our allies. If we want the same degree of security we must borrow more power, in other words be more dependent on our allies, and mainly the Americans. But there can be objections to such dependence. The defense of Norway is--and will remain--a national responsibility, it is said. We must be willing to assume that responsibility, even if defense in the future will be more expensive than the politicians of the 70's expected. Among other things the defense forces should be excused from activities which do not produce defensive strength. The chief of defense believes that in this way we can get a billion kroner more for material investment. The politicians should not put up stubborn resistance, as they have done previously.

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MILITARY

PORTUGAL

BRIEFS

**ROSA BRANCA MILITARY MANEUVERS**--Starting today, the First Independent Mixed Brigade will be engaged in the two-phase "Rosa Branca" military maneuvers through 5 July. The maneuvers include a "battle station" phase in the Arronches region near Elvas and a troop phase in the Santa Margarida region, with the cooperation of the Air Force and Southern Military Command forces, involving about 4,000 men and 900 vehicles. "Rosa Branca 85" will be an exercise at the brigade level organized under the 1985 General Army Training Plan. The scenario for the maneuvers is a conventional war in which the First Independent Mixed Brigade plays a defensive role. The maneuvers are to take place between the blue forces and the orange forces. The purpose, among others, is to plan and conduct tactical operations in a defensive situation in a non-nuclear context and improve readiness and efficiency on the part of both the commands and the troops. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jun 85 p 3] 8844

**NEW NAVAL COMMANDANT**--As the new Continental Naval Commandant, Vice Admiral Andrade e Silva, took office, the outgoing commandant, Vice Admiral Cardoso Tavares, said that the need to hold down expenses, particularly fuel costs, has considerably reduced the Command's activities. Admiral Sousa Leitao, Navy Chief of Staff, presided at the installation ceremony, which took place in front of the Continental Naval Command in Alfeite. Vice Admiral Antonio Andrade e Silva, formerly commandant of the Lisbon Naval Base and Lt Continental Commandant, is 53 and a specialist in submarine weapons. He is a graduate of the General Naval Warfare Course and the Naval Command Course, among others. [Excerpts] [Lisbon AVANTE! in Portuguese 28 Jun 85 p 3] 8844

CSO: 3542/210

ECONOMIC

EUROPEAN AFFAIRS

## SUPPORT GROWS FOR CREATION OF EUROPEAN CURRENCY UNION

### Ifo Urges EMS' Strengthening

Munich SUEDEDEUTSCHE ZEITUNG in German 27 Jun 85 p 24

[Wire service story: "Ifo Calling for Quick Boost for EMS—EMS Has Proved Its Worth as 'Island of Comparative Stability' in Turbulent Times"]

[Text] Munich—Over the past 2 years, the European Monetary System (EMS) has proved to be an "island of relative currency stability in a world full of turbulence." This is the finding arrived at by the Munich-based Ifo Institute for Economic Research on the basis of a study it conducted on the EMS. The monetary system, inaugurated in March 1979, has "achieved far greater results than most people thought possible upon its foundation," the Ifo report states. Its expansion could make a major contribution to overcoming the present standstill in European integration.

While the free-floating currencies led by the American dollar were subject to major and sustained ups and downs, the exchange rates within the EMS itself have been remarkably stable in spite of several adjustments in these rates, the Ifo Institute report notes. The seven adjustments in exchange rates between 1979 and 1983 all took place within narrow limits. Since March 1983, no further adjustments in exchange rates were undertaken by the EMS. The Ifo Institute believes that the steep climb of the U.S. dollar was responsible at least in part for this "unusually long period of stability in the EMS" because it forced the German mark down and thereby prevented tensions inside the EMS.

### Bundesbank Criticized

Well-known currency expert Prof Robert Triffin criticizes the actions of the German Bundesbank in this connection. Contributing to the Ifo report as a guest expert, Triffin calls the Bundesbank one of the main stumbling

blocks standing in the way of various proposals to strengthen the EMS which have been put forward by the EC Commission. The FRG, Triffin says, should revoke the existing ban on private borrowing in European Currency Units (ECU). "Why not leave it to the market, albeit in full conformance with German ideas about the proper rules and regulations" whether credit agreements are to be concluded in ECUs? Triffin asks. By upholding the ECU ban, the "quasi-monopoly" of the U.S. dollar on the international financial markets is perpetuated.

Triffin, who is the "guiding spirit" behind both the EMS and the ECU, calls on the political leaders of the community nations to agree to the creation of a European monetary fund to help strengthen the EMS as rapidly as possible. Triffin, who teaches at the Belgian university of Louvain-la-Neuve, believes there is an urgent need to transform the EMS into a "European banking institution" so that the European currencies "can be protected against the alarming tensions to be expected from a renewed and serious dollar crisis." The ECU must be turned into a reserve currency in the international currency system similar to the U.S. dollar or the Japanese yen. Triffin does agree with the view of German Bundesbank President Poehl that it is still too early to establish a European currency union with fixed intra-European exchange rates in view of the economic inequities inside the European Community.

Strengthening EMS, Triffin believes, would "call on each member nation to make a certain real or imaginary sacrifice of its short-term interests" but these sacrifices would "in no way be insignificant in comparison to the troubles the members would face, if they refused to provide the EMS with the tools it needs to protect against the predictable setbacks to be suffered by present U.S. policies." A common foreign exchange policy by the community vis-a-vis the U.S. dollar and a "joint assumption of exchange rate risks" would also provide an opportunity to arrive at an effective coordination of exchange policies with the United States. This contribution of the Europeans to a viable, lasting solution of the "worldwide dollar problem is the only way of getting the United States to make its indispensable contribution to a thoroughgoing reform of the scandal exemplified by the present world monetary non-system."

#### Slower Growth of Intra-European Trade

Over the past few years, the rate of growth of intra-European trade has slowed considerably. In the sixties, trade within the community achieved above-average annual growth rates of 12 to 13 percent; but now it is not even growing as fast as the so-called third-country trade, i.e. trade with countries outside the European Community. The Ifo Institute cites two major reasons for this. On the one hand, the member countries are forced to direct their export programs to the rest of the world, particularly to the OPEC nations. On the other hand, it cannot be overlooked that there

has been an increasing trend inside the community, as elsewhere, throughout the seventies toward protecting national markets. "There is less of a common market today than there was 10 years ago," the Ifo Institute concludes.

#### Bundesbank Chief Still Cool

Munich SUEDEUTSCHE ZEITUNG in German 28 Jun 85 p 25

[Unattributed article: "Thorny Path to European Currency Union—Bundesbank, Economic Experts Swap Arguments at Ifo Annual Meeting"]

[Text] Munich—"The onward development of the European Monetary System (EMS) can make an important contribution to the political and economic integration of Europe. But the road toward the kind of currency union we are ultimately aiming for is a long and arduous one." These ideas, outlined in an address at the annual meeting of the Ifo Institute for Economic Research in Munich by Karl Otto Poehl, the president of the German Bundesbank, met with general approval among the attending economic experts. But there was no agreement on how to make rapid progress toward closer monetary cooperation in Europe and what concrete steps toward reform are possible or necessary at this time.

The "centerpiece" of the EMS (which was founded in 1978), i.e. the agreement on a system of basically fixed exchange rates which might, however, be adjusted from time to time has "worked quite satisfactorily" over the past 3 years, according to Poehl, with no need for adjustments in exchange rates since 1983. But there still are substantial differences in inflation and interest rates which are an indication "of how far we still are within the EMS from convergence in economic development." There also continue to be substantial deviations among the various member nations from the community averages in labor costs, the growth of the money supply and net government borrowing and these differences in economic stability have "a growing potential for tension" within the EMS, Poehl said.

#### Routine Adjustments

Based on the wishes of its founders, Poehl recalled, the EMS was to become a zone not only of external but also of internal stability. But this purpose was not served by forcing the EMS nations to form a "European inflation community" by instituting far-reaching reforms in the currency field. A solid, stability-oriented monetary policy such as the German Bundesbank is pursuing on the basis of its charter, Poehl said, is not only consistent with the aims of the EMS but also makes a major contribution toward its success. Only a system of stable European currencies could serve as a "counterweight" to the dollar and the Japanese yen, Poehl said.



Since there will be a difference in economic stability among the various members of the community despite all efforts to the contrary, there is likely to be a need in the future to make exchange rate adjustments "from time to time although not necessarily in the near future." It would therefore be "extremely useful," Poehl said, "if we could keep from dramatizing such adjustments so that they can be taken care of more quickly and less noisily than in the past."

"The numerous —some would say, more than numerous—so-called credit facilities" within the framework of EMS which provide debtor country national banks with "more or less automatic drawing rights on the currencies and currency reserves of the creditor nations" were termed the subject of "natural conflicts of interest" by Poehl.

To some extent, the German Bundesbank seems to be concerned about having to make a disproportionately large financial commitment to the EMS. The new agreement on the partial lifting of the ECU acceptance limits in balance settlements "represents the limits of the possible and necessary" for the time being, Poehl said.

The Bundesbank chief rejected the accusation that the Bundesbank is primarily responsible for obstructing faster progress toward the monetary integration of Europe. Other EMS members, too, are seriously opposed to even more liberal credit facilities, he said, as long as the ECU is not fully convertible to other currencies. The most important conditions for a "consolidation and onward development of the EMS" (which was the title of Poehl's talk) are the following, in the Bundesbank's view: full participation in the present currency system by Great Britain; an end to the special rules for Italy (allowing greater fluctuations in exchange rates) and the creation of a free money and capital market in Europe. Capital turnover controls such as those practiced by individual member countries are "incompatible in the long run with the provisions of the EEC treaty and the EMS agreement," Poehl said. "They would also not serve to assure European independence from the fluctuations of the dollar exchange rate. For the FRG, at any rate, such considerations are unacceptable." Poehl also reiterated the Bundesbank's skepticism with regard to allowing private borrowing in the form of ECUs in the FRG (while permitting ECU investments in the FRG). In view of the differences in the economic stability of the various member countries, Poehl said, the political climate is not yet ripe for the establishment of a European Monetary Fund (patterned after the IMF) or for the creation of a genuine European bank to issue a genuine European currency.

#### Call for Greater Courage

Prof Peter Bernholz of Basel University, on the other hand, called on the Bundesbank representatives to demonstrate greater courage and to come up with more constructive ideas with regard both to the EMS' immediate future



and the "ultimate goal" being pursued. The establishment of an official European currency would call for an end to currency markets and above all for a "European monetary constitution impervious to inflation" which would "as it were automatically result in a coordination of national monetary policies." But Bernholz did agree with Poehl's view that such a far-reaching program could not be initiated without amending the EEC treaty.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

# RIISING GROWTH, UNEMPLOYMENT PROJECTED THROUGH 1995

Duesseldorf WIRTSCHAFTSWOCHE in German 5 Jul 85 pp 18-20

[Unattributed article: "Facts Instead of Oracles"]

[Text] The prospect before us: economic growth to continue until 1995—as will unemployment.

In ancient Greece, anyone wanting to know what lay ahead could consult any one of a number of oracles scattered throughout the country. Today, however, no one need take the long trip to Delphi to find out what the future will bring. Mathematicians and economists can tell us all about the future on the basis of computer printouts.

One such forecast has been provided by Data Resources Inc (DRI), the second largest firm of management consultants in the FRG concerned with forecasting the future of the economy. According to the DRI projection, there is a generally bright future ahead for the FRG until 1995.

This year, DRI expects the economy to grow by 2.2 percent. This means, according to the economists, that the growth potential is not being utilized to the full once again. Last year, it was the strike in the metal industry which adversely affected overall economic performance. This year, it is the low level of housing construction which is responsible for the relatively poor showing. A 2.4 percent growth rate calls for a good year in 1986; but then the economy will be hit by a brief recession. In the Bundestag election year of 1987, DRI says, the FRG's growth rate will amount to only one percent.

The reason for the dip, according to DRI, is a trend which seems positive at first glance. In 1986, private consumption in real terms will rise by 2.3 percent after several years of stagnation. This forecast is based on an expectation of rising real incomes which is accompanied, however, by a lack of business profits. Accordingly, the growth rates for equipment investment, expected to hit 12.2 percent this year, will decline to 4.8 percent next year and to 0.4 percent in 1987.

Exports which have been fueling the economy up to now will also decline in the next 2 years. The 6.6 percent growth in exports forecast for this year (which is rather modest compared to other projections) will decline to 3.8 percent in 1986 and to only 3.4 percent one year later. These figures indicate that the present export boom has largely been based on demand for German investment goods. But these investments will decline in the more important customer nations.

On the other hand, DRI takes a favorable view of price trends over the next 2 years. The projection calls for a 2.8 percent rise in the cost of living next year and a further rise of 2.5 percent in 1987. This trend will be due primarily to the price index of imported goods which will be 1.2 percent lower in 1986 and rise by only one percent in the following year.

Looking ahead to the coming decade, the DRI long-range forecast also paints a generally rosy picture. The growth rate figures climb in a flat curve from 2.4 percent in 1988 to 3.5 percent in 1990 and then gently dip to 2.8 percent in 1995 again. DRI dares make this forecast on the basis of its conviction that the German economy will have successfully overcome the painful consequences of structural change by 1987. After that, constantly growing income based on higher employment and simultaneously rising income in real terms will also cause German business profits to rise once again.

Nonetheless, the German economy will continue to face a difficult situation on the labor market. In 1987, there will still be more than two million unemployed and that figure will not decline to an annual average of 1.8 million until the following year. For 1990, DRI still forecasts 6.6 percent unemployment which adds up to 1.6 million people out of work. According to the projection, the problem will not be solved until 1995 when the jobless rate will be normalized at 3.4 percent or 802,000, dipping below the one million mark for the first time.

This gradual decline in unemployment, extending over an entire decade, will not be the result of economic growth as much as of population trends. In spite of modest but steady economic growth, the labor force will increase only minimally—from about 22 million this year to just under 23 10 years from now. In other words, the labor force will grow by only 975,000. The decline in population from 61.3 million in 1985 to 59.8 million in 1995 will therefore be making the larger contribution by far to the drop in unemployment. This demographic factor is also supported by the fact that fewer and fewer people are entering the labor market while more and more are leaving it.

Of course this is only a forecast. How fast things could change in case unexpected events make an impact on future developments is demonstrated in an alternate scenario prepared by DRI. If the EC ministers of economics decided not to increase subsidies any longer after 1987 and to apply the sum total of the customary annual rise to tax relief for business, economic growth would jump rapidly. The FRG's GNP would grow by an average 4.2 percent between 1987 and 1995 instead of the projected 2.8 percent—which would be something of a panacea.

But this alternate projection is just as unlikely to make the economics ministers apply drastic cuts to the subsidies as a pronouncement by Pythia, the priestess of the Delphic oracle.

#### Economic Ups and Downs

(1) DRI-Prognose zur Entwicklung wichtiger gesamtwirtschaftlicher Kennzahlen bis 1987 (real, Veränderung in Prozent)			
	1985		1987
(2) Brutto-sozialprodukt	2,2		1,0
(3) Privater Verbrauch	0,5		1,3
(4) Staats-verbrauch	1,1		2,0
(5) Ausrüstungs-investitionen	12,2		0,4
(6) Bauten	-0,4		0,8
(7) Export	6,6		3,4
(8) Import	6,1		3,9

#### Key:

1. DRI trend forecast of major economic indicators until 1987 (in real terms; change in percent)
2. GNP
3. Private consumption
4. Public sector consumption
5. Investment in equipment
6. Construction
7. Exports
8. Imports

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ECONOMIC

FINLAND

STRONGER EXPORT-LED GROWTH FORESEEN FOR ECONOMY IN 1985

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
26 Jun 85 p 2

[Text] The upswing of the Finnish economy continues. An even higher economic growth rate is expected for 1985. After a 3 percent real growth of the domestic gross product in 1984, available prognoses announce growth rates primarily between 3.5 and 4 percent for the current year. Some shifting occurred. In 1984, the strongest impulses came from exports, which increased by 16 percent based on value, corresponding to an increase in volume of almost 10 percent. A decisive part was played by the above-average growth rates in exports to Western countries. With 6.2 billion markkas, so far the highest credit balance was attained in Finnish foreign trade. Industrial production received strong stimuli from lively foreign demand. The increase in industrial production in 1984 by an average of 4.2 percent showed a noticeable speeding-up after 3.3 percent.

New impulses are to be created by investment. After the development of physical assets dropped in 1984 by 1.5 percent, contrary to all expectations, a growing investment tendency is anticipated for 1985, particularly in the second half of the year, so that revitalizing impulses can be expected from the process of developing physical assets. The interest rate level with its falling tendency is to be a further incentive. Prognoses of the rise in gross investments vary between 2 and 7 percent, whereby the private economy is expected to be the prime mover with the highest growth rates. In industry alone, investment increases of up to 10 percent are considered possible. A further support for economic activity is seen in private consumption which, according to most forecasts, will probably grow by 3 to 4.5 percent in 1985.

Simultaneously, a drop in foreign demand, especially from Western markets, is in the picture, which noticeably flattens the export curve. Trade with the East, especially with the Soviet Union, which is again on the rise, should prevent steep declines. Under the trade agreement concluded with the Soviet Union for the period 1986-1990, orders are being filled before the due date. This favors particularly the metal industry and engineering industry, additionally supported by domestic demand for investment goods.



**Incoming Orders:** In the first quarter of 1985, industrial orders dropped slightly. This concerned particularly the wood and construction material industries. The metal and metalworking industries, as well as some near-consumer sectors fared somewhat better. In almost half of all enterprises, the orders received during the first 3 months of 1985 remained constant compared to the same period of the preceding year. Twenty-one percent of enterprises reported increased orders, while 31 percent had a drop in orders. Approaching mid-year, the trend is toward increasing orders, accelerated by livelier domestic demand. After the first 3 months of 1985, the volume of orders was the same as in the previous year, although almost 20 percent below the "normal level" of the total industrial average. However, higher incoming orders were registered in the foodstuffs, textile, clothing, and chemical industries.

**Production:** In a generally stable increase of industrial production in the first quarter of 1985 compared to the same period in 1984, several near-consumer sectors, the metal industry, and a number of metal-processing businesses were in the lead with production growth rates between 3 and 8 percent. The lumber industry, especially the saw mill industry, and construction materials businesses fell behind. Cellulose and paper production continues at a high level. Partly due to optimistic forecasts for the future, and partly due to existing sales difficulties, stockpiles have increased. After the first 3 months of 1985, stocks of finished products were already higher than at the end of the fourth quarter of 1984, among them, by necessity, products of the lumber and construction material industries. Because of lively domestic demand, no stockpiling occurred only in some consumer goods industries. At the same time, production facilities were better utilized than in the previous year. During the first quarter of 1985, production capacities were fully utilized in 41 percent of all enterprises, up from 37 percent during the corresponding period in 1984.

Despite the friendlier investment climate, development in the construction industry shows no noticeable upswing. During the first 3 months of 1985, 3 percent fewer building permits were issued than in the same period of the previous year. Building permits issued for industrial construction dropped by 25 percent and fell even 50 percent for office buildings. The bulk of investment in industry is concentrated on the procurement of machines and equipment which range far ahead of construction investment. In their investment planning at the beginning of the year, the 250 largest industrial enterprises had earmarked 25 billion markkas for 1985, that is 3.9 billion markkas more than expended in the previous year. The chemical, metal, and metal-processing industries were the most involved in the capital formation process during January-March 1985, while investment activity dropped noticeably in the textile and construction industries.

**Labor Market:** In the labor market, the number of unemployed dropped by 14,600 to 145,000 persons during the first 4 months of 1985. This corresponds to an unemployment rate of 5.5 percent. Compared to April 1984, when 144,400 unemployed were registered, the number of unemployed

in April 1985 was still higher by 600. Regionally, there are strikingly great differences. While in northern Finland up to 14 percent of the potential labor force cannot find employment, the unemployment rate in the southern congested urban areas is below the national average; in the metropolitan area of Helsinki it is 2 percent. Some sectors report a noticeable lack of qualified workers.

**Wages and Prices:** During 1984, nominal wages and salaries of all employed persons rose by an average of 9.2 percent, a more moderate pace than in previous years. Taking into consideration the inflation rate of 7.1 percent, a real income growth of 2 percent was achieved, the best result so far during the 80's. The nominal pay of workers in agriculture rose by an above-average 12.5 percent, while pay raises in industry were 9 percent, and 9.6 percent in the service sector. Municipal workers with 10.5 percent pay raises were ahead of civil servants with a 6.6 percent increase, while those employed in private industry received 9.1 percent pay increases. For 1985, the wage drift promises an increased pay rate of 7.5 percent, which is again ahead of the desired drop in the inflation rate of 5 percent, so that stable improvement in real income can be expected, if the inflation goal can be achieved.

Consumer prices rose during the first 3 months of 1985 by 2.5 percent, compared to 2 percent during the same period of the previous year. On an annual basis (from April 1984 to March 1985) the inflation rate was 6.7 percent. In the course of those 12 months, foodstuff prices rose by an above-average of 10 percent. In addition, prices for clothing and shoes rose by 5 percent, the cost of living quarters, heating and electricity increased by 4.7 percent, transportation and telephone fees by 5.8 percent, medical services by 10.2 percent, household goods and services by 5.4 percent. So far, private consumption has hardly been dampened by the price rises. After the growth in real income attained in 1984, and in anticipation of increases in real income expected in 1985, private consumer demand is brisk and even frenzied, particularly for durable consumer goods. This trend is especially noticeable in the sale of personal automobiles which rose during the first quarter of 1985 by 6 percent to 40,381 units compared to the same period of the previous year; sales were additionally stimulated by lowering the sales tax levied at the time of purchase of an automobile.

**Foreign Trade:** There are striking changes in the trend in foreign trade. In contrast to 1984, imports are now growing much more rapidly than exports. Between January and April 1985, imports rose by 12 percent to 25.9 billion markkas (at current prices) compared to the same period of the previous year, while at the same time, exports grew only by 3 percent to 27.2 billion markkas. The balance of trade surplus of 1.3 billion markkas amounted to only one-third of the active balance accrued at the end of April 1984.

Purchases from the EC region have increased the most. During the first 4 months of 1985, imports from, and exports to, EC countries were balanced at 10 billion markkas which, however, constituted an increase of 17 percent on the side of imports compared to the same period of 1984, while exports indicated only a state of stagnation (plus minus zero). The FRG is the leading trade partner within the EC and the largest Western trade partner of Finland, ahead of Great Britain.

In the merchandise exchange with EFTA [European Free Trade Association] countries, growth rates have moderated on both sides. After an export increase of 35 percent during January-April 1984, exports during the comparable period of 1985 increased only by 5 percent to 5.4 billion markkas. Conversely, imports grew by only 7 percent to 5 billion markkas, after a 16 percent import push between January and April 1984.

Increasingly, COMECON countries are again becoming a focal center of interest. During the first 4 months of 1985, goods in the amount of 5.7 billion markkas were imported from those countries, 10 percent more than in the respective months of the previous year, of which 5 billion markkas went solely for imports from the Soviet Union (up 9 percent). Conversely, Finnish deliveries to the COMECON region were in the amount of 5.4 billion markkas, which constitutes a 6 percent drop. Even stronger was the drop in exports to the Soviet Union--9 percent--which in the end amounted to 4.9 billion markkas. Pushing imports from the Soviet Union is a policy pursued for a limited time, in agreement with Moscow, in order to reduce through the bilateral clearing process the ruble account which had accrued in favor of Helsinki in several years of balance of trade surpluses. Although the Soviet share in Finnish exports and imports has dropped to somewhat below 20 percent, the Soviet Union continues to be Finland's most important trading partner by far.

The Finnish current account closed at the end of the first quarter of 1985 with a deficit of 595 million markkas, which means a deterioration, since at the end of March 1984, a surplus of 800 million markkas had been achieved.

Table 1

1. Industrieproduktion  
(1980 = 100)

	2. Industrie insgesamt	3. Papier- industrie	4. Metall- industrie
1983	108.8	102.2	114.5
1984	111.3	113.0	120.8
1984 Januar	114.2	109.4	124.9
Februar	108.5	111.0	119.4
März	116.4	118.2	129.3
1985 Januar	117.1	117.9	126.4
Februar	108.0	109.4	119.0
März	119.1	122.1	131.6

Key:

1. Industrial Production
2. Industry Total
3. Paper Industry
4. Metal Industry

1984    January  
         February  
         March

Table 2

## 1. Löhne und Preise

Index für alle Lohn- und Gehaltsempfänger 2.	1975 = 100
1983	229.6
1983 Juli bis September	230.2
Oktober bis Dezember	230.1
1984	250.2
1984 Juli bis September	252.6
Oktober bis Dezember	254.4
Verbraucherpreisindex 3.	1981 = 100
1983	118.7
1984	127.1
1984 Januar	123.3
Februar	123.8
März	124.7
April	125.0
1985 Januar	131.2
Februar	131.7
März	133.0
April	133.7

Key:

1. Wages and Prices
2. Index for All Wage and Salary Earners
  - 1983 July to September
  - October to December
3. Consumer Price Index
  - 1984 January
  - February
  - March
  - April

Table 3

1. Außenhandel  
(in Millionen Finnmark)

	2. Ausfuhr	3. Einfuhr	4. Saldo
1983	66 662	71 528	- 1 836
1984	80 922	74 684	+ 6 238
1984 Januar	6 661	5 609	+ 1 052
Februar	6 428	5 270	+ 1 158
März	6 671	5 867	+ 804
April	6 791	6 039	+ 752
1985 Januar	6 912	7 100	- 188
Februar	6 506	4 785	+ 1 601
März	6 618	6 940	- 322
April	7 108	7 080	+ 28

Key:

1. Foreign Trade  
(in million markkas)
2. Exports
3. Imports
4. Balance
  - 1984 January, February
  - March

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ECONOMIC

FINLAND

# KOIVISTO, TIKHONOV DEDICATE KOSTAMUS PROJECT

Helsinki HELSINGIN SANOMAT in Finnish 18 Jun 85 p 27

[Article by Arto Astikainen: "Koivisto and Tikhonov Dedicate 6-Billion Markka Project, Kostamus Contract Is Completed"]

[Text] Kostamus, the vast project built by Finnish construction workers, is now officially completed when President Mauno Koivisto and Prime Minister Nikolay Tikhonov today dedicate the second and third construction phase of the ore refining plant and city erected in the middle of the Russian Karelian woods.

The actual construction work at Kostamus was completed at the end of last year already, but a little less than 100 Finns continue to cross the border to take care of warranty work until the end of the year. Some of the warranty work will be left until next summer. Then even the last Finnish construction worker will leave unless new contracts are concluded.

The Kostamus project was put into motion 15 years ago in 1970 during a visit by President Urho Kekkonen to the Soviet Union. The first 7 years were spent on negotiations and the next 8 years on construction.

Now a concrete element city with 20,000 residents stands in the pine woods of Russian Karelia while Martinlaakso or Matinkyla and its vicinity are home to a mining combine with a crushing plant, concentration plant, and other facilities. The combine produces 9 million tons of iron pellets annually. They are imported to Raahen for Rautaruukki for the manufacture of steel.

It has become customary to advertise Kostamus as Finland's largest export transaction, a showpiece of Finnish construction skills, and as a concrete result of Finnish-Soviet friendship and economic cooperation.

## Seventy Finlandia Houses

Chairman Kauko Rastas of the Finn-Stroi Company's board of directors, the primary contractor, has reiterated his concern that in Finland people do not understand the magnitude of the question involved.



The total value of the third phase of the Kostamus project is 6 billion markkaa, a billion markkaa more than Finland's total defense budget for the current year. This has made it possible to import 6 billion markkaa worth of oil from the Soviet Union for consumption by industry and the people.

In 8 years 550 construction sites were completed at Kostamus. Their total cubic space corresponds to 70 Finlandia Houses, as Finn-Stroi illustrates the magnitude of the project.

The ore crushers, the concentration plant, and pellet producing plant represented the largest individual construction projects. The Kostamus project also includes depots, warehouses, pumping stations, transformer stations, a railroad station, a water and sewage network, streets, highways, a railroad from Finland, 6,000 housing units, two schools, five kindergartens, a palace of culture, a hospital, a shopping center...

Nearly 300 firms were involved in Kostamus and at the height of construction in 1979 there were 3,700 workers. During the second and third phases of the continuation contract being dedicated today, the number of workers rose to 3,100 at the most.

The distribution of labor was such that the Finns did the construction work and the Soviets provided the machinery and accomplished the installation work.

#### Supervision Is Excessive

There were numerous strikes during the 8 years at Kostamus, but the project was completed on time anyway. The Soviet builders of Kostamus had their own problem: excessive supervision.

Director N. P. Yershov of the Kostamus Combine recently complained about the detrimental effects of this supervision at a meeting of the Karelian District Committee of the CPSU: The activities of the Kostamus Combine are supervised by 36 organizations and each one of them sends a delegation to conduct inspections at least twice a year. The result is 6 inspection tours a month. Some kind of order should be instituted, complained the director.

He also pointed out that a branch of the Soviet Construction Bank, in which there are 12 employees, has been opened up in Kostamus. However, not one single question can be resolved with them.

#### Leaders in Backwoods for Third Time

Kostamus is not a project of the Karelian Autonomous Soviet Republic directed from Petroskoy even though it is located in the republic. Kostamus has been a project of the highest leadership in Finland and the USSR and has been built under their patronage, a real K-line, an accomplishment of Kekkonen, Kosygin, Karjalainen, and Kauko Rastas.

It is doubtful that a Soviet prime minister would now come a distance of 1,000 kilometers to the backwoods of Russian Karelia for the third time if Kostamus

were not of so-called all-Union significance and at least of great symbolic value in Finnish and Soviet relations.

Urho Kekkonen and Aleksey Kosygin were in Kostamus in 1978 to lay the cornerstone and Koivisto and Tikhonov were here in 1982 to dedicate the project begun by Kekkonen and Kosygin. Koivisto's and Tikhonov's presence on Tuesday at the final ceremonies of the project confirms that Kostamus has remained under the patronage of the highest leadership of both countries until the very end.

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ECONOMIC

FINLAND

BANK FORECASTS WEAKENING INTERNATIONAL COMPETITIVENESS

Helsinki HELSINGIN SANOMAT in Finnish 7 Jul 85 p 25

[Article: "Union Bank: Finland's Competitiveness Declining"]

[Text] In the Unitas Report published by Union Bank it is estimated that Finland's industrial price competitiveness will become weaker by 1--2 percent this year. Price competitiveness was measured by the increase in labor costs.

According to the report, Finland's price competitiveness has become continuously weaker in comparison with Sweden since 1980. Measured by unit labor costs, industrial price competitiveness in relationship to West Germany was, on the other hand, near the long-term average value last year.

Finland's price competitiveness in comparison with the United States has, for its part, improved considerably as the dollar has become more valuable. Since 1980 Finland's price competitiveness has improved nearly 40 percent in relationship to the United States. The improvement of competitiveness has according to the report been reflected in export gains on the U.S. markets.

According to the report, competitive positions have changed radically on the world markets. The price competitiveness of the European Community, EC, has improved significantly with respect to the countries most important to this area's exports. The price competitiveness of the EC-countries improved approximately 8 percent last year, and this year the EC's Secretariat estimated that it will improve 3.5 percent. This improvement is the result of developments in foreign currencies and the deceleration of the increase in expenditures. For example, it is estimated that costs in the EC-countries will increase less than in competing countries.

Japan's competitiveness has remained good according to the report. Japan's competitive position will be stronger than that of the EC over the long term.

If the dollar becomes significantly weaker, the competitive positions of the United States will improve as a consequence of the moderate development of domestic expenditures, estimates the report.

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ECONOMIC

FINLAND

# INSTITUTE FORESEES SLOWER GROWTH AHEAD FOR ECONOMY

Helsinki HELSINGIN SANOMAT in Finnish 7 Jul 85 p 25

[Article: "Rapid Spurt of Finnish Economy Now Subsiding A Little"]

[Text] Finland is losing the lead it gained in the early 1980s with respect to several OECD-countries. According to ETLA, the Economic Research Institute of Commerce and Industry, Finland's economic growth will clearly decelerate in the 5-year period of 1985--1989. At the same time the total production of the OECD-countries will increase nearly 1 percentage point.

In Finland total production will increase a full 2.5 percent annually according to the forecast. Total production in Finland will increase at a slightly more rapid rate than in the OECD's European member countries on the average. In the whole OECD annual growth is forecasted to be nearly 3 percent.

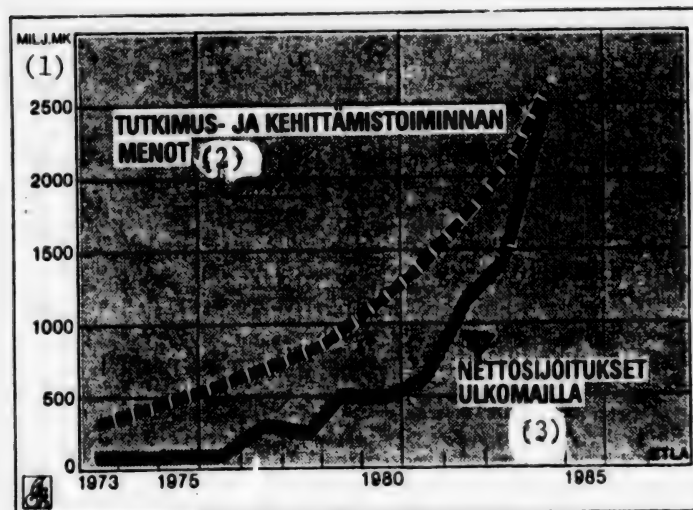
According to the ETLA report, the rapid growth rate at the beginning of the current decade was the result of the exceptionally favorable development of exports to the East, a high investment level, and a stimulative economic policy.

All these factors are becoming weaker according to ETLA. The reduction in the price of oil will not improve export opportunities to the Soviet Union. The report has no faith in a large increase in fixed investments since research and product development expenditures will increase in a manner typical for the time. In addition, enterprise purchases, which are becoming prevalent, will partially replace fixed investments.

## Metal Will Grow The Fastest

The growth of public consumption will slow down in Finland during the 5-year period, but it is still fast internationally speaking.

Industrial production will increase at a rate of 3 percent in Finland. The most rapid growth will occur in the metals industry, in which a 4.5-percent annual increase in volume will be achieved. Growth in the chemical industry will also clearly exceed average industrial growth. Growth in the service industry will be about the same as in other industries.



1. Billions of markkaa
2. Expenditures for research and development
3. Net investments abroad

Exports will increase at an annual rate of 3 percent according to ETLA's estimate. The largest increase in exports to the East is in progress in the current year while, on the other hand, exports to the West will increase in the final years of the current decade.

Exports to the West are according to ETLA being obstructed by the fact that the demand for Finland's primary export products is increasing slowly. Thus exports are being directed toward primarily slow growing markets.

Exports to the East as well as to the West are now growing at approximately the same rate according to ETLA's evaluation. The metal industry is the leader in exports, but the sales of paper products are also good.

Finland's entry into the sphere of internationalization occurred late and for this reason net investments abroad continue to increase forcefully. Along with Japan Finland is one of the leading countries in the growth of research and development investments. Even in this area Finland began late and the other Nordic countries, for example, continue to invest in research.

The growth of fixed investments will remain slow according to ETLA's evaluation. Also machinery and equipment are beginning to predominate in industrial investments.

#### Marginal Tax Level Too High

According to ETLA's forecast, Finland's foreign trade balance will remain good and the foreign debt will decrease in relation to total production. The funding balance of the public sector will be reasonable and unemployment will remain more or less at the same level.



The conditions for positive development are the slowing down of inflation and halting the deterioration of price competitiveness.

According to ETLA, the inflation rate can also be restrained by financial policy. Lightening direct taxation and reducing the marginal tax level could reduce pressures to increase nominal wages. The desire to work could be increased over the long term and economic growth could be promoted with such a policy.

ETLA also proposes alternatives for reducing the marginal tax. Inasmuch as 45 percent is established as the highest marginal tax level in place of the present 51 percent, the loss of revenue this year would be only 65 million markkaa. Indeed, the reduction would only affect a small number of people. If 40 percent was adopted as the highest marginal tax level (taxable incomes exceeding 142,000 markkaa), revenue would be reduced by approximately 300 million markkaa.

And a 29-percent marginal tax level on taxable incomes exceeding 47,000 markkaa would reduce revenue by 1.5 billion markkaa.

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ECONOMIC

FINLAND

MINISTER: NOW UP TO INDUSTRY TO SEEK EUREKA PROJECTS

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 85 p 22

[Article by Tuula Koskenniemi: "Eureka Countries to Seek Concrete Projects"]

[Excerpts] The Eureka project was officially started in Paris during the early hours of Thursday. At the end of the European Meeting on Technology which had begun on Wednesday, the representatives of 17 European countries and the EC [European Communities] Commission approved a declaration outlining the European development model for high technology and agreed to continue.

According to Foreign Trade Minister Jermu Laine, the chairman of the Finnish delegation, Finland wants to start charting the program as soon as possible while Tekes [expansion unknown] acts as a "technical leader."

Finland already has the basic resources, since it has also aimed at making an agreement with EC on the framework for the development of technology. Now concrete proposals are needed. According to Laine, it is now the companies' turn to act; the cabinet cannot force them into cooperation with companies from other countries.

According to the Foreign Trade Minister, it will be interesting to see whether companies will view being European as the same kind of a market ace as they now view being domestic, i.e. Finnish. To make the companies want to participate in Eureka projects, the European market ought to have "strong attraction."

The Eureka project was created as a counterbalance to the technological superiority of the United States and Japan. According to Laine, there is no other alternative than changing all of Europe into a uniform domestic market area. There is a total of 350 million people living in Europe, which is more than in the United States, but in its present form the European market is too splintered.

"Does Europe have the patience, the common sense to give up national selfishness?" Laine asks.

ECONOMIC

FINLAND

PAPER SKEPTICAL OF MINISTRY FORECAST OF LOWER GROWTH

Helsinki HELSINGIN SANOMAT in Finnish 19 Jul 85 p 2

[Editorial: "Economic Outlook Brighter than Grey"]

[Text] If economic development followed the ordinary cycle, we would undoubtedly face a new recession next year. That is what the cabinet was afraid of a year ago when it was making the budget. It used its fear as the basis for tightening its finance policy by raising taxes and fees. It wanted to make room for a revival, which was thought to be necessary when the recession would begin in 1986.

Now the new review of trends, given out by the Department of National Economy of the Finance Ministry, forecasts that, fortunately, the recession is not yet threatening us next year--at least not to the extent it was feared. The economic growth, which for three years has remained at around three percent, will continue for the time being.

According to the new estimate, the arrival of the new recession will thus be postponed by at least half a year from what had been forecasted earlier. According to the review, the prerequisites for limiting it to a mild recession even then, in 1987, seem very good.

The forecasts have become more accurate but, even in the future, they can be exactly right only by chance. Already the growth estimate for this year's total production had to be lowered in the spring: from four to three and a half percent.

The cabinet, for its part, was too optimistic in setting this year's growth goal for government expenditures. Real growth will certainly not remain at one percent. With the present outlook it will rise to 2.5 and, if the state debt amortization is included, as high as to 4.5 percent.

Also, the goal set in the cabinet's program for the increase in the tax rate has been badly broken. The cabinet promised to limit the growth to 1 percent unit in 1983-86 but it is already now at least two percent unit.

The cabinet, now preparing a new budget proposal, has promised to lower the taxes. The task, reducing the tax increase to what has been promised in the cabinet's program, is undoubtedly politically a tough job. It is a true test to the cabinet, but what has been promised must be adhered to.

The economy of our country is developing positively compared with the competing market economy countries. However, a bad black mark in our country's economic development still is the inflation, which is even more difficult to crush than anticipated. The goal set for this year may succeed "roughly". But what will happen to the maximum of 4 percent, which has been dreamed of for next year, depends mainly on the budget, as the review states.

Only 4 years have gone by from a bad example, the deceptive utopia of a considerable nominal increase of wages and salaries. At that time the income level rose by almost 13 percent. While, at the same time, the inflation rate was 12 percent, the purchasing power of the households has hardly increased at all. Now, with a lower inflation rate and smaller increases in wages and salaries, the corresponding purchasing power is expected to go up by 3 percent. Experience should speak for itself: don't count your chickens before they hatch.

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ECONOMIC

NORWAY

## EFFECTS OF CONTINUED DECLINE IN OIL PRICE, DOLLAR EXAMINED

### Country Escapes OPEC Criticism

Oslo AFTENPOSTEN in Norwegian 9 Jul 85 p 5

[Article by Morten Woldsdal: "Norway Can Loose Ten Billion Kroner With \$5-10 Drop in Oil Price"]

[Excerpts] "We will follow the rules if other countries also do so. If a country breaks the rules, we no longer will feel ourselves obligated to follow the rules of the game," Nigeria's oil minister Tam David-West told a group of press people following the OPEC meeting in Vienna. But David-West said that he believes that all countries now will follow the rules. None of the observers who followed the meeting share the oil minister's opinion in this area. There is very little faith in the idea that OPEC will be able to achieve any better discipline within its ranks. David-West advised that the oil ministers have given themselves time until later in 1985 to abolish discount arrangements and terminate overproduction.

No criticism was directed against Great Britain and Norway at the Vienna meeting. Tam David-West did not want to say anything negative about the North Sea producers. "The North Sea is out of it now. Everyone knows that North Sea oil is sold at market prices and that is accepted," states Youssef Ibrahim. He counts on there being new criticism of Norway and Great Britain from time to time. "But that will occur because OPEC must have someone to criticize. OPEC no longer has any hope of achieving any cooperation with North Sea producers, and the organization also lacks teeth to be able to bite anyone," he says.

### Minister on Production Plan

Oslo AFTENPOSTEN in Norwegian 9 Jul 85 p 5

[Article by Flemming Dahl: "Kristiansen Rejects Reduced Oil Production"]

[Text] Oil and Energy Minister Kare Kristiansen asserted on Monday that he will not intervene to limit oil production in Norwegian fields which are in operation.

Recently, professor Oystein Noreng of the Industrial Economics Institute and other voices have been saying that Norwegian oil production should be limited in an effort to balance supply and demand and thereby to stabilize prices on the international oil market.



By telephone from Paris--where he was for a ministerial meeting of the International Energy Bureau (IEA)--Kristiansen also asserted that Norwegian oil production this year is thought to be only marginally greater than last year.

Confronted with the report on the Norwegian Broadcasting Company's "Daily News" on Monday afternoon that this year's production, according to unnamed experts, will be significantly greater than last year, Kristiansen said that he was basing his statement on fresh evaluations from specialists within the Oil and Energy Department. But he would not provide any firm guarantees regarding the scope of the production for this year.

Kristiansen said that something "quite dramatic" must occur before the Norwegian authorities would reevaluate the situation and find it necessary to limit production from fields which are in operation. He emphasized, however, that from a strictly legal point of view, the Norwegian authorities have better possibilities now than previously for intervening, as a result of the new petroleum law.

According to Kristiansen, any possible Norwegian contribution toward a stable situation on the world market must lie primarily in a modest development of new oil fields.

He repeated previous statements that OPEC (Organization of Petroleum Exporting Countries), of which Norway is not a member, has received a complete look at Norwegian production prognoses on the occasions when OPEC has requested Norway to limit production.

On the question of whether OPEC had accepted Norway's production level and the position of reluctance to intervene with limits on the oil companies, Kristiansen said that "if they have not accepted it, they have at any rate decided to live with it."

Kristiansen's reason yesterday for not intervening was the same as previously --that there would be great economic consequences if the flow of income were reduced from fields which, for reasons of sea depth and weather conditions, have required the investment of billions of kroner in production facilities.

#### OPEC's Crisis and Norway

Oslo AFTENPOSTEN in Norwegian 9 Jul 85 p 2

[Editorial: "OPEC's Crisis and Norway"]

[Text] The unsuccessful OPEC meeting in Vienna last week demonstrates that the cartel of oil producing countries in the third world is in a crisis from which it is not possible to see a way out. The member countries of OPEC need to agree on measures for limiting the decline in oil prices. But the conflicts between them run deep, and they could not be overcome in Vienna, even though a new attempt at reaching a compromise will be made later this month. It is already possible to say with certainty that further reductions in the price of oil are unavoidable. The question is only whether this will occur gradually and to a limited degree or in the form of a race.

There will be decisive consequences not only for Norway from the fact that the tone-setting nation of Saudi Arabia, with its enormous oil reserves, has become tired of bearing the burden of OPEC's attempt at holding oil prices up. The Saudi's have freely cut down their own production time after time in order to limit the availability of oil on the world market. Saudi Arabia's production today is a fraction of what it was some years ago. This has resulted in the Saudi's discovering something as unusual for them as a period of economic decline. Simultaneously, they have watched the majority of the other OPEC countries circumvent the cartel's agreements on production quotas and price fixing. Under these conditions, Saudi Arabia's oil minister Yamani is threatening that his country again will begin producing at full capacity.

If the international market should become flooded with Saudi Arabian oil, a real crack in oil prices may occur. For Norway, this would mean that the state could lose billions of kroner in income, and a question could arise as to the profitability of new oil fields.

For OPEC, the situation is exactly the opposite from that which prevailed in the 1970's when the cartel could dictate the price of oil nearly at its own pleasure. In the meantime, the results of energy savings and the emphasis on other energy sources among oil consumers around the world have become known, together with the fact that an increasing amount of production is occurring outside of the OPEC countries. Over a four-year period, OPEC's share of world production has declined from 53 to 30 percent. With the relationship between supply and demand simultaneously having changed so significantly in the favor of oil purchasers, it is not difficult to understand how OPEC's earlier position of power has been changed to one of impotence.

A steadily decreasing oil price will have deeply felt effects on the world economy, just as the enormous hikes in the price of oil did in the opposite direction in the 1970's. One of the leading causes of international inflation will be controlled. The advantages will be the most obvious for the largest oil importers among the industrial countries--such as Japan and West Germany --and for the oil-less developing countries which nearly were forced to their knees when the price of oil was increasing explosively. In contrast, there will be few outside of the circle of OPEC countries who will be more adversely affected than Norway, since our existence as OPEC's free passenger in pricing policies no longer will produce the results on which we previously have lived so high.

#### Lower Dollar, Less Oil Income

Oslo AFTENPOSTEN in Norwegian 17 Jul 85 p 8

[Article by Morten Woldsdal: "Less Oil Money With Lower Dollar"]

[Text] Both the state and the oil companies will have significantly reduced income as the dollar exchange rate and the price of oil fall. The government's oil income declines 2 billion kroner annually for every dollar by which the price of oil falls. Income will be further reduced if the exchange rate of the dollar falls at the same time. Statoil's income is reduced by nearly 250 million kroner annually for every 10 ore [100 ore = 1 krone] by which the dollar exchange rate declines.

So far this year, the dollar exchange rate has been significantly higher than that which the authorities and the oil companies had counted on. This results in the income for both the state and the companies up to now being significantly higher than predicted. The government's income from activity on the continental shelf is more than 4 billion kroner higher in 1985 than was predicted in the revised national budget of May of this year.

Oil taxes are paid in arrears. A lower oil price and dollar exchange, therefore, will first show up in the government's income in 1986. But it is clear that this oil income will be significantly lower next year than this year if the dollar exchange and price of oil continue to fall.

#### 16 Percent Decline

Because of the record high dollar exchange of nearly 10 kroner in March, the price for Statfjord oil that month was as much as 234 Norwegian kroner per barrel. With the current dollar exchange of 8.30-8.40 kroner--and with an oil price of around \$26.50 per barrel--the price of oil measured in Norwegian kroner now is around 220 kroner per barrel. That is a decline of 16 percent.

The 1985 budget of Norsk Hydro is based on a price in Norwegian kroner of 240 kroner per barrel. Since the price today is significantly under that level--and if oil prices and/or the dollar exchange does not go up again--Hydro's income in the oil area will become significantly lower for the rest of 1985 than predicted. Because of the high dollar rate earlier this year, however, total income for the year is not expected to be lower than according to budget.

Statoil is running its budget this year with two dissimilar alternatives for the price of oil and the dollar exchange: an exchange rate of 6.50 kroner and \$30 per barrel, and 7.00 kroner and \$27.50 per barrel. These produce a Norwegian price per barrel, respectively, of 195 and 192.50 kroner. So far this year, the dollar exchange has been significantly higher than these assumptions, and Statoil's income so far is very much higher than the company had budgeted. The company, however, is very vulnerable to shifts in both the dollar exchange and the price of oil. For example, Statoil loses--or gains--nearly 250 million kroner annually for each 10 ore by which the dollar exchange rate increases or decreases.

#### Saga Affected

Saga Petroleum is the oil company which is the most vulnerable to changes in the price of oil in that the company is so burdened with debt financing. Saga has a loan agreement for \$1 billion--8.4 billion kroner at today's rate--in order to cover its investment obligations on the Norwegian shelf up to 1990.

The leadership of Saga said at a press conference on 15 April that it assumes that the company's profit in 1990 will be several times greater than today. The bases for this positive projection have been Saga's calculation of an oil price of \$27.50 per barrel, a dollar exchange of 8.25, 6 percent annual inflation, and an interest rate of 12 percent. The Saga leadership said that these were key conditions.

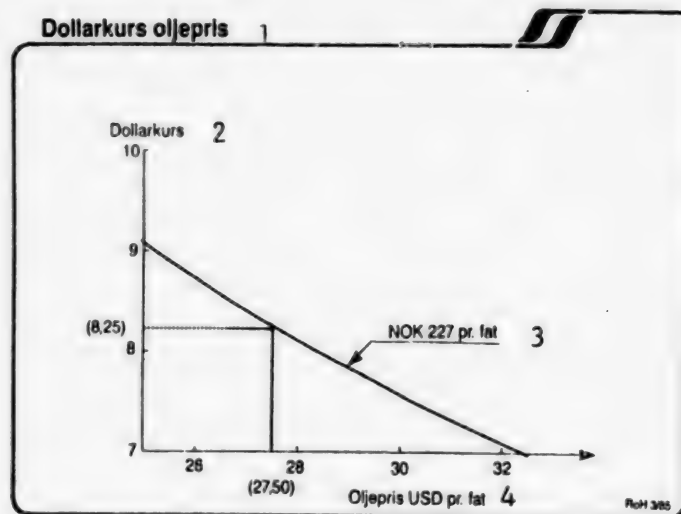
Saga's assumed oil price and dollar exchange result in an oil price in Norwegian kroner of 227 kroner per barrel. But the current price and exchange rate are significantly under this level.

#### Budget Holding

Saga's information director, Roy Halvorsen, is counting on the company's budget projections holding for 1985, despite the fact that the price of oil and the dollar exchange are falling. For the first half year, Saga has sold oil at a higher price in Norwegian kroner than had been budgeted. "Thereby, we can tolerate a dollar exchange and oil price during the second half year which are lower than today," states Halvorsen, who adds that interest rates have been three percent lower than Saga's budget basis. Additionally, Saga has so-called exchange rate insurance which guarantees the company a dollar exchange of over 9.00 kroner in 1986.

On the matter of what will happen to Saga if oil prices and the dollar exchange decline significantly, and if the weakness should be longterm, Halvorsen replies: "If one thinks of such a situation, much of the basis for new activity on the Norwegian shelf will disappear. The interest in the Norwegian shelf shows however that the majority do not expect such a development."

Roy Halvorsen says that it is clear that there will be consequences both for Saga and the other oil companies if such a negative development should be longterm. He emphasizes that neither Saga nor the banks which have loaned the \$1 billion are surprised at the developments in the dollar exchange and oil prices.



#### Key:

1. Dollar Exchange/Oil Price
2. Dollar Exchange Rate
3. 227 Norwegian kroner per barrel
4. Oil Price in US Dollars per barrel

Saga Petroleum's summary of assumed oil price and dollar exchange development. The company has assumed an oil price in Norwegian kroner of 227 kroner per barrel--which corresponds to an exchange rate of 8.25 and an oil price of \$27.50 per barrel. The price of oil today in Norwegian kroner is below that which Saga has assumed.



# Advantages in Production Cut Seen

Oslo AFTENPOSTEN in Norwegian 17 Jul 85 p 8

[Article by Morten Woldsdal: "Reduced Norwegian Oil Production Could Prevent Price War"]

[Text] A reduced Norwegian oil production could prevent a price war on the international oil market, and therefore, Norway should not preclude measures for limiting production, Erling Moxnes, a senior researcher at Chr. Michelsens Institute in Bergen, believes.

Moxnes, who works at the institute's Center for Petroleum Economics, is supported by professor Chris Hope in the Department of Economics at Leeds University. Chris Hope is an advisor for the activity at the Center for Petroleum Economics.

Oil and Energy Minister Kare Kristiansen has said that it is not possible to reduce Norwegian production as a contribution toward balancing supply and demand in the international market. Moxnes and Hope agree with this strategy for the moment.

They see the need for oil prices being lower on the international market in order to create a balance in the market, but they think that OPEC should take the lead in such a price reduction. Moxnes and Hope assert that Norway, by not limiting production just now, can force OPEC to implement such a price reduction.

But according to the two, they are not saying thereby that in the long term, Norway should preclude measures for limiting production. "To the contrary, it is important that Norwegian politicians are prepared to shift their position on short notice," Moxnes says to AFTENPOSTEN.

He and professor Hope assert that there may be the need for additional balancing measures, that OPEC again will show itself to be incapable of controlling such a situation, and that Norway then could provide additional support through limiting production.

Moxnes and Hope justify their position on the basis of prognoses for oil demand which have been prepared at the Center for Petroleum Economics, as well as on the opinion that OPEC (the Organization of Petroleum Exporting Countries, of which Norway is not a member) is a waffling organization.

Future demand must be evaluated, among other things, in the light of the fact that current oil prices are high--so high that they stimulate continued changes from oil to other sources of energy, Moxnes and Hope believe.

"This switching, together with continued energy conservation through renovation of houses and through the replacement of old and inefficient energy-consuming equipment, continues just as strongly as the longterm growth in the economy," states Moxnes. "Thereby, oil demand will continue to decline in the future if the price of oil is not reduced.



"From now on, if the leading indicators from the United States are correct, the economy is moving into a downturn. Historically, there has been a strong correlation between downturns and shifts in the demand for oil, and therefore, the demand for oil will decline over the next two-three years," Moxnes states.

He and Hope assert that Norway can have the unique opportunity to play a significant role in the global oil market when the anticipated downturn nears the bottom. "At that time, reductions in Norway's 1.5 percent of the world's oil production could become the thing which would prevent the beaker from overflowing. Corresponding reductions, for example, in production by Great Britain and the Soviet Union would increase the chances for the oil producers being able to avoid a break in the cooperation among OPEC countries and a price war," says Moxnes.

Even something as dramatic as a stoppage of Norwegian oil production for an entire year could produce a situation which would be beneficial for Norway, according to Moxnes and Hope. If such a stoppage contributed to the price of oil remaining at \$20 instead of \$10 a barrel during the subsequent five-year period, Norway's oil income would be 40 percent greater than otherwise, they maintain. Additionally, they point to a corresponding positive effect for Norwegian gas income, since gas price trends are tied to the level of oil prices.

"The Norwegian reaction, however, must be sound and appropriate if a critical situation arises. By reacting at the right time, a price war could be avoided.

"In contrast, it is thought to be impossible to stop a price war once it has started. Therefore, those in power should begin to decide which measures can be used to reduce production," says Moxnes.

#### Lower Gasoline Prices Possible

Oslo AFTENPOSTEN in Norwegian 18 Jul 85 p 8

[Article by Morten Woldsdal: "Lower Gasoline Prices Possible if Dollar Continues to Fall"]

[Text] The oil companies probably will lower gasoline prices on the Norwegian market if the dollar exchange rate continues to fall. It presently is unknown how much prices would go down in such a case and when it would occur. None of the oil companies has immediate plans for any price reduction.

Developments in the dollar exchange and the price of oil have a close correlation with the setting of gasoline prices. The oil companies which sell gasoline and other oil products in Norway buy raw oil, to a large extent, either from within their own system or from other companies. This raw oil is figured in dollars so that the exchange rate for the dollar at any given time determines the price in Norwegian kroner.

Recently, the trend of the dollar exchange has shown a clear declining tendency. From the record level of around 9.9 kroner earlier this year, the rate is now down around 8.30 kroner. At the same time, it is assumed that oil prices will fall. These two factors result in the oil companies' raw materials--that is, raw oil--being cheaper, so that it costs less for the companies to produce a liter of gasoline, for example. Since March, the price of oil, measured in Norwegian kroner, has fallen from 264 kroner per barrel to around 220 kroner--a decline of more than 15 percent.

The oil firm Esso in January took the initiative for lowering gasoline prices by 5 ore [100 ore = 1 krone] per liter, and the other companies followed suit. A few days later, the dollar exchange began to rise.

"We did nothing with prices during that entire time when the dollar was extremely high. The consumers benefitted from the fact that we did not increase the prices in line with the rise in the dollar. The high dollar rate, however, has resulted in our having very meager economic results so far this year," states assistant administrative director Oystein Dahle of Esso to AFTENPOSTEN.

According to him, the average dollar exchange rate in June was 8.83 kroner, which is significantly higher than a rate which would justify a price reduction. So far in July, the average exchange rate has been around 8.60 kroner. Additionally, the price of raw oil recently has remained surprisingly stable, in Dahle's opinion.

"We must follow the course of the dollar for the remainder of July. If the exchange rate continues to fall, lower gasoline prices presumably will result. But I cannot promise anything," states Dahle. He emphasizes, however, that Esso has no immediate plans to do anything with prices based on the current dollar exchange rate.

#### Evaluating Situation

Division chief Arve Braten of Norwegian Shell says that his company is evaluating the situation from day to day. "If the dollar falls further, we must evaluate gasoline prices," he asserts. Braten points out that Shell and the other companies lowered prices at the end of June by 7 ore per liter for credit card customers.

"We also will await the course of the dollar for some days before we do anything with prices," states manager Egil Skandsen of Norol. He maintains that the high dollar rate earlier this year has produced poor income results for the company.

"The average dollar exchange rate up to now in July corresponds to the rate of October last year. Since then, prices have been lowered. Therefore, we have no concrete plan for price reductions yet," Skandsen states. He adds, however, that something should happen to prices if the dollar continues to fall.

### Important PR Point

In the coming weeks, the oil companies presumably will watch each other closely. When there is talk of reductions in gasoline prices, the companies want to be the first to move. The one which lowers prices first scores important PR points. But the situation is exactly the opposite when price increases are involved. Then, everyone sits on the fence and waits for somebody else to take the lead and raise prices. The company which finally must raise prices is in danger of encountering the wrath, among others, of auto clubs.

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CSO: 3639/142

ENERGY

NORWAY

USSR-NORWAY: POSSIBLE COOPERATION IN OIL EXPLORATION

PM081315 Oslo AFTENPOSTEN in Norwegian 21 Jul 85 p 29

[Unattributed report: "Increased Oil Prospecting in Barents Sea"]

[Text] The Soviet Union will increase exploration for oil and gas in the Barents Sea and will increase the number of its exploratory drilling ships from two to three shortly. The search has so far not resulted in the discovery of oil or gas, but if and when there is production in the Barents Sea the Soviet Union is interested in participation by Norwegian firms. This emerged during talks between Soviet Gas Industry Minister Viktor S. Chernomyrdin and Norwegian Trade Minister Asbjorn Haugstvedt yesterday.

"The Soviet gas minister expressed great satisfaction with Norwegian companies' competence and technological standards, but he stressed that Norwegian firms' involvement in possible future production in the Barents Sea must take place on businesslike terms. Norwegian companies must compete with other firms and the Soviet Union is engaged in actively studying tenders from a number of companies," Trade Minister Asbjorn Haugstvedt said after his talks with Chernomyrdin. He also said that Norwegian companies have an advantage in their geographical proximity and the competence they have built up through oil and gas production in the North Sea.

The Soviet gas minister has been paying a 2-day visit to Norway to learn about Norwegian firms' tenders and to confer with Norwegian authorities on their attitude to possible future contracts. According to Haugstvedt, Chernomyrdin attaches great importance to research and development in the oil and gas field.

"The Soviet gas minister made no promises about contracts for Norwegian firms, but it is clear that Norwegian firms will have an opportunity to submit tenders and that they stand a good chance if their prices are competitive," Haugstvedt said. He also said that Norwegian firms have a good chance to take part when exploratory activities are stepped up. If the Soviet Union decided to go outside its own capacity in the field of seismology, Geco [Off-Shore Drilling Company] is very well placed in the field, Haugstvedt said.

Chernomyrdin's hosts during the visit to Norway is the cooperation firm Boconor (Barents Offshore Consortium of Norway). The gas minister said that

he is very satisfied with the master plan for oil exploitation in the Barents Sea which Boconor recently delivered to the Soviet Gas Industry Ministry. According to Haugstvedt it is very clear that the Norwegian cooperation company's star is in the ascendant with Chernomyrdin.

"Given that the Soviet Union has still not found oil or gas in the Barents Sea it is too early to say anything about the size of possible future contracts. The aim of his visit to Norway was to learn what Norwegian firms have to offer and to have talks with the authorities to have it confirmed that possible future contracts would be good Norwegian trade and cooperation policy," Haugstvedt said.

Gas Minister Chernomyrdin also held talks with the political leadership of the Foreign Ministry and the Oil and Energy Ministry.

CSO: 1812/294



ENERGY

NORWAY

# NORSK HYDRO, COAL MINING FIRM SIGN SVALBARD DRILLING PACT

Oslo AFTENPOSTEN in Norwegian 15 Jul 85 p 16

[Article: "Agreement on Oil Exploration on Svalbard: Hydro Must Pay 144 Million in Fees"]

[Text] The agreement that Norsk Hydro and Store Norske Spitsbergen Kulkompani will map and eventually exploit the natural resources on Svalbard and the sea territory belonging to it, includes a provision that Hydro will pay 114.5 million kroner in area fees over 10 years. In addition Hydro must pay all mapping expenses, but these have not been fixed yet.

AFTENPOSTEN confirmed that it is primarily oil and gas that the companies hope to find in profitable amounts. Store Norske will participate financially in the eventual development of profitable deposits, and will have a certain share of eventual profits, according to the parties. Store Norske is expected to be the operator of the activity.

The agreement is awaiting the approval of the authorities. The agreement will be published Friday, and came as a surprise to Statoil, which earlier this year tried in vain to obtain a similar agreement with Store Norske. Statoil thought it was time to renew negotiations with Store Norske until it learned the news about the agreement with Hydro.

The agreement covers 3,400 square kilometer area which Store Norske holds. In the first 5 years Hydro will pay an area fee of 3,500 kroner each year per square kilometer, in the next 5 years 5,000 kroner each year per square kilometer.

Norsk Hydro and Store Norske also agreed on closer cooperation about possible expansion of infrastructure in connection with the activity, and about the business operation of the activity.

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CSO: 3639/136

ENVIRONMENTAL QUALITY

EUROPEAN AFFAIRS

EIGHT COUNTRIES GREE TO SPEED USE OF LEAD-FREE GASOLINE

Stockholm DAGENS NYHETER in Swedish 6 Jul 85 no page number

[Article by Marianne Hjertstrand]

[Text] Sweden and seven other European countries are to introduce unleaded gasoline as quickly as possible and preferably before the end of this year so that the use of automobiles with catalytic emission control devices can begin.

This was endorsed by ministers from the eight countries in a joint statement that was signed in Stockholm yesterday.

The resolution is the result of cooperation among 10 countries, all of which want to reduce the emission of automobile exhaust gases faster than planned by the EC.

Two Back out

Three of the 10 countries belong to the EC--the FRG, Holland, and Denmark. On Thursday evening, it looked as though all 10 would sign a statement that had already been negotiated, but on Friday morning, the FRG and Holland backed out.

The reason was that Stanley Clinton Davies, the EC's commissioner for the environment, appeared in Stockholm for a 2-hour visit and, generally speaking, gave his EC colleagues a talking to. His approach was to remind them of and to interpret an agreement on exhaust emission control that the EC had come up with the week before.

Minister of Agriculture Svante Lundkvist, who was the host for this meeting at the ministerial level, does not view the defections as a setback.

"Of course it would have been better with 10 countries, but 8 is not so bad," he said after the meeting. "Now there are eight of us that will introduce the same strict exhaust emission regulations more or less at the same time and within the next few years."

The eight countries in question are Sweden, Norway, Denmark, Finland, Austria, Switzerland, Liechtenstein, and Canada.

## EC Less Strict

Last week the EC decided on exhaust emission standards that are considerably more lenient than those included in the Stockholm agreement. The EC agreement was signed by both the FRG and Holland, but not by Denmark, which registered a reservation. And since all of the EC's decisions must be unanimous, that agreement is not valid.

Several countries in the EC--chiefly France, Italy, and Great Britain--are not particularly interested in stiffening the exhaust standards, especially if doing so is going to make the small cars they manufacture more expensive or if they cannot come up with an emission control technology of their own to meet those standards.

## Same as United States

The countries that have just signed the Stockholm statement are committing themselves to adoption of the same high emission control standards as those in the United States. What this means, in practice, is the same three-stage catalytic converter as the one used in the United States. That is currently the only system able to meet those strict standards.

Anthony Fairclough, director general of the EC Commission for the Environment, explains: "The stand adopted in the Stockholm statement proved unacceptable to the EC countries." He remained in Stockholm as an observer when the commissioner himself moved on.

## Wanted To Sign

"We wanted to sign and thought that we had found a compromise solution," explains Franz Kroppenstedt, a temporarily somewhat dejected under secretary from the FRG. He feels that the commissioner was in such a hurry to get away that he left his EC colleagues more or less in the lurch--trapped in a position from which they could not negotiate.

Franz Kroppenstedt says: "If he had stayed a little longer, we surely could have reached an acceptable solution."

The way it turned out instead was that the remaining eight countries made the wording of their statement even stronger. It now says that they strongly prefer the U.S. emission control standards because the result will be a faster transition to stricter emission rules.

## Ready for Unleaded

Sweden and the seven other countries have now committed themselves to the best possible technology for exhaust emission control.

What that means today is the catalytic conversion process that many EC countries and automobile companies oppose.

Car manufacturers in Sweden are afraid that the EC may halt imports of Swedish cars to the EC, since the EC countries will not be able to export their own small automobiles--without catalytic converters--to Sweden.

That possibility does not worry Minister of Agriculture Svante Lundkvist.

"I question whether any country will be prepared to adopt measures in 1989 to prevent imports of environmentally safe automobiles just because they themselves cannot export environmentally unsafe automobiles to Sweden," says Svante Lundkvist. "I believe that will be an unrealistic stand for any government to take in 1989, considering the continuing damage we see being done to forests, lakes, and human health."

The government has now decided that the introduction of unleaded gasoline will begin at the start of 1986. By next summer, it will be possible to fuel up on unleaded gasoline everywhere in the country. By the summer of 1987, sales of leaded low-octane regular gasoline will be allowed only at service stations that also sell the equivalent in unleaded gasoline.

Leaded high-octane premium gasoline will continue to be available all over Sweden for at least 15 years or until the automobiles now using leaded gasoline have been scrapped.

Beginning in the fall of 1986 (that is, with the 1987 models), catalytic conversion will be legal in Sweden. Today it is banned. In the fall of 1988, all new models (the 1989 models) must have catalytic converters--at least according to the timetable currently being followed by the government.

The government intends to come up with a proposal this fall on how unleaded gasoline and emission control devices can be subsidized economically.

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ENVIRONMENTAL QUALITY

FINLAND

IMPLICATIONS FOR COUNTRY'S SIGNING ACID RAIN PACT VIEWED

Helsinki HELSINGIN SANOMAT in Finnish 11 Jul 85 p 10

[Article by Vellamo Vehkakoski: "Finland's Sulphur Already Under Control in Production"]

[Text] Specific directives from the Environment Ministry Commission not before next year.

On Tuesday, like some 20 other countries, Finland pledged itself to reduce its sulphur discharges by at least 30 percent by a prescribed time. Discharges could be cut to half of the departure point volume. The Environment Ministry and nature conservationists as well as the business sector are of the same opinion. The only argument is over the means and the time required to do so.

According to Environment Minister Matti Ahde, the ways of reducing sulphur discharges in Finland will in the future largely be based on the program the Environment Ministry Commission is right now drafting.

In addition to investigators of air quality preservation from the different ministries and institutes, representatives of industry, energy production and nature conservation are participating on the commission. They will have to submit a unified program for the shaping of Finland's sulphur policy by next summer.

As early as May, however, the kind of task Finland is facing will be clear from the interim report to be submitted by the commission. Finland has indeed announced that it will cut its discharges in half by at least the end of the 1990's.

Most of the sulphur is discharged into the air in the production of energy. The forest industry alone produces a third of the discharges. Industrialized and densely populated Southern Finland suffers most from sulphur discharges.



## Generous Departure Point Volume for Finland

The choice of 1980 as a departure point for reducing discharges is a very generous one for Finland. At the time an economic boom prevailed in industry and the volume of discharges was high, about 600,000 tons.

Later, primarily changes in the structure of energy production and industry based on economic attitudes reduced sulphur discharges by the already targeted 30 percent. This trend is expected to continue, although a severe last winter did add to energy consumption, and without sulphur concentrations too.

According to the commission's report, a reduction in discharges can be assured through special measures like removing sulphur from smoke gases, changing the burning technique and setting discharge standards for industry, among others, in addition to the changes in structure.

According to sulphur commission estimates, reducing discharges will cost from 3,000 to 12,000 markkas per ton of sulphur, depending on how it is done. If they should try to reduce them by 100,000 tons in a year, it would cost from 200 to 600 million markkas.

## Industry's Technique Is Being Exported

"For a long time now polluters have had to take the preservation of air quality into consideration in their investments," bureau chief Eso Tommila of the Industrial Confederation, who is serving on the sulphur commission, said.

Tommila otherwise praised industry's sulphur policy for being an active and far-sighted one. "We have even been able to export the industry's knowledge and technique elsewhere." He regards filters as devices that leave traces, as a last resort. In his opinion, the Salmisaari sulphur removal plant is only of psychological importance.

Tommila made short shrift of environmental organizations' demands for conserving energy and making the causing of sulphur discharges subject to authorization like water pollution. "There is not much energy potential in Finland that is due to wastefulness. A warning notice procedure regulates air quality preservation matters just as much, but more flexibly so than an authorization procedure."

## "A Warning Notice Procedure Is Not Enough"

General secretary of the Finnish Nature Conservation League Esko Joutsamo felt that a warning notice procedure is quite inadequate. "Industry can now defend pollution or a lack of purification plants on economic or employment grounds." According to Joutsamo, industry should take air quality preservation into account more as a matter of course than before. Since industry's investments so far have constituted improvement based on economic attitudes.

"Air quality preservation is largely dependent on public opinion and civic organizations. Even the Kylasaari movement succeeded in closing down a waste burning plant." Joutsamo emphasized the fact that there is enough evidence of pollution and quantities to be able to prevent them in advance.

#### "Room for Hope in the Development of Devices"

While Tommila praised so-called suspended layer boilers as a device for reducing sulphur amounts, director Pentti Sierila of the Forest Industry Confederation, representing the forest industry on the sulphur commission, still sees much room for improvement in them. In his opinion, air quality preservation in general is in need of technological development.

"Modernization of industrial processes, washers and filters, among other things, constitute the forest industry's sulphur policy. In addition, last year we launched a study with the biggest power producers. Boiler by boiler we will determine where and how much sulphur is being discharged into the air."

Sierila's view of forest destruction differs considerably from those of studies according to which those forests to the south of a line drawn between Kemi and Kuusamo are seriously ill. "Rumors of forests that have died are grossly exaggerated. It pays to calmly take out time. I believe that the forests will grow at the rate estimated in the 'Forest 2000' program."

Sierila regards 1993 as a difficult year for Finland. "At that time we plan to change our basic power capacity in the production of energy. If we postpone nuclear power, limiting discharges to even half what they are will proceed in relatively painless fashion. Otherwise, we will have to resort to other sources of energy, primarily coal and peat." According to him, there can be no question of other sources of energy at the level of the entire national economy.

#### "Unified Environmental Protection"

In the opinion of Environment Ministry department head Alec Estlander, who is serving as vice chairman of the sulphur commission, we should take a more unbiased attitude toward alternative energy production methods than we do now. "Importing energy is terribly expensive and we cannot reduce the amount of sulphur with our present production volume, at least not by the 75 percent demanded by the nature conservationists."

According to Estlander, the sulphur commission has also discussed the question as to whether we should set an upper limit on the sulphur content of imported coal.

"It is feared that setting a limit on it would affect our trade policy. If a limit is set on it, we will have to grant an exceptional authorization to those using coal with a higher sulphur content if the plants have filters."

According to Estlander, the whole environmental protection sector should be unified under an all-encompassing environmental protection law. "Research is

at present split up under the jurisdictions of all the other ministries. The Environment Ministry just distributes the funds."

According to Estlander, the adequacy of the current environmental protection law is being tested at the present time in the superior administrative court. The law may have to be changed depending on what the court decides as a precedent for the important cases involving the Rauhanlahti power plant near Jyvaskyla and the Fermion pharmaceuticals plant in Espoo.

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CSO: 3617/135

ENVIRONMENTAL QUALITY

NORWAY

# PAPER VIEWS NORWAY'S GRIEVANCE WITH UK ON ACID RAIN

Oslo AFTENPOSTEN in Norwegian 11 Jul 85 p 2

[Editorial: "The Attack on Acid Rain"]

[Text] The attack against acid rain has gradually become a cause of vital importance for a number of European countries. Dead fish in the waterways of south Norway disclosed at an early point that our country is especially vulnerable to that type of pollution. On the continent the public gradually became alarmed during the last couple of years as wide stretches of forest, especially in West Germany, are dying of sulfur poisoning. Nothing is more apt to awaken both politicians and public opinion than that the leading industrial nation in our part of the world has been hit by an environmental catastrophe, rapidly and visibly.

Against that background, conditions are right for the UN conference on air pollution in Helsinki this week to produce concrete results, unlike so many other conferences of a similar type. During the conference, at which most participating countries are represented by their ministers of environment, 21 states including Norway have signed an agreement on the reduction of sulfur emissions by 30 percent before 1993. Professional people in the area believe for that matter that a reduction of that size will not be sufficient.

The great disappointment of the conference has been that 10 of the countries attending will not sign the agreement. In the front rank among these are Great Britain and Poland, two of the countries that spew out the most sulfur dioxide over Europe. Neither has the United States signed the agreement, although sulfur emissions from the United States are causing great damage to neighboring Canada. On the other hand another large exporter of sulfur into the atmosphere, West Germany, has been so severely devastated that the federal republic has announced a reduction of 50-60 percent. The Nordic countries are aiming at reductions of similar size.

The Norwegian minister of environmental affairs, who was present at the conference, expressed his clear dissatisfaction with the British attitude, as our authorities have done several times in the past. The British Government maintains that the country has already made great reductions in emissions, but that it would be too expensive to tie itself to reductions as large as

those in the agreement. From the Norwegian viewpoint, which we share with a number of other countries, such objections are not acceptable against the background of the destruction of nature which British sulfur emissions are so largely responsible for.

Because of peculiarities in Great Britain's vegetation and soil, the British have so far not felt the damaging effects as strongly as Norway and other recipients of acid rain of British origin. There is a danger that the British will not put into effect the required measures before the environmental poison hits them with full strength. When the destruction has already become a fact there is suddenly enough money in the national budgets, but it can then be at the last moment. The example of that is shown by West Germany today.

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ENVIRONMENTAL QUALITY

SWEDEN

BALTIC SEALS SUFFER SKELETON DEFORMITIES DUE TO POLLUTION

Stockholm SVENSKA DAGBLADET in Swedish 24 Jun 85 p 7

[Article by Lennart Lundegardh]

[Text] Do you remember the sick seal that was observed inside Visby harbor in January of this year? It was found dead off Oxelosund in April. The cause of death was severe damage from environmental poisons.

The seal, a 19-year-old male ringed seal, has now been autopsied by veterinarian Anders Bergman of the Pathology Division at the Uppsala Veterinary College and curator Mats Olsson of the National Museum.

Their report makes distressing reading. The seal must have suffered horrible torment.

The animal was actually an old acquaintance of Mats Olsson's. He had fitted the ringed seal with an identification disk in December 1981 after it had become caught in a trawl in Stockholm's northern archipelago.

Then--3.5 years ago--the male seal weighed between 150 and 160 kilograms. When he was found dead, he weighed only 44 kilograms. He was totally emaciated.

Besides the severe damage to internal organs, which we will get back to later, the seal's right canine tooth was missing, and there was a fracture in the lower jawbone at the tooth root. The outer surface of the bone was simply missing.

The right forepaw was seriously injured where the bone protruded. X-rays showed that several bones in the "fingers" were missing, and so, as a consequence, were the claws. Inflammation had also caused a morbid fusion of bones in some joints.

The seal's fur was thin and dull. Suppurating ulcers were on the front underside of the animal.

Ulcers in Intestinal Wall

But both scientists determined that the direct cause of death was the combination of a general bacterial infection and a large and deep chronic ulcer in the intestinal wall.

In addition, there was a quite advanced case of chronic kidney disease. Another discovery was the striking enlargement of the adrenal cortex.

Unfortunately, the damage done to that poor male ringed seal fits in well with the special pattern characterizing the illnesses affecting our Baltic seals.

Mats Olsson and Anders Bergman have been performing autopsies on seals since 1978. They have collected material which is unique but which obviously needs to be rounded out, since it is not impossible that what they have learned may prove valuable to students of human medicine as well.

### Sterility

The picture produced by the two scientists (thanks to the people who have sent in seals that died in fishing tackle or were found on beaches) is as follows:

In adult female seals, the most commonly altered organs are the uterus, intestines, adrenal glands, and kidneys. Closing of the uterus (known as occlusion, with sterility as the result) has been found in 70 percent of ringed seals and 30 percent of gray seals.

That occlusion of the uterus is thought to be due to injury in connection with a miscarriage by the seal.

Chronic intestinal ulcers, major enlargement of the adrenal cortex, and chronic kidney disease have been observed in from 70 percent to 90 percent of both ringed seals and gray seals.

In many cases, intestinal ulcers were the direct cause of death because they eventually produced holes in the intestinal wall, resulting in peritonitis.

In some cases, skin changes typical of a hormonal disorder were noted. The condition resembles most closely what is described as chloric acne in humans.

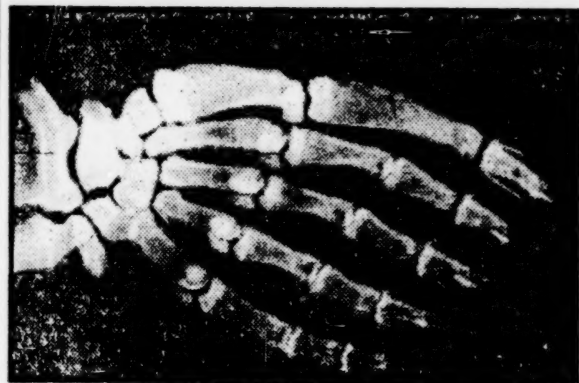
### Deformed Claws

Mats Olsson and Anders Bergman have recently been seeing an increasing number of cases in which a seal's claws are deformed or are missing completely, with signs that inflammation had occurred in the wounds.

The two scientists say: "It is likely that the animal was stricken with a serious complex of illnesses--known as Cushing's syndrome--that was probably caused by environmental poisons. That disease is due to an abnormal increase in the functioning of the adrenal cortex."

That disorder of the adrenal cortex causes a hormonal imbalance, metabolic disturbances, and impairment of the body's immune system.

It should be noted that other scientists have been able to show, especially in laboratory tests, that PCB substances as well as other so-called cyclical



This is what the normal right forepaw of a seal looks like in an X-ray picture. The photo below shows the sick seal's forepaw.



The bone in the first toe is missing, as are the bone at the tip of the second toe and all the bones of the third toe. The metacarpal bone shows changes in position.



The seal's lower jaw X-rayed from below. The canine tooth fell out due to inflammation, after which the tooth bone decayed, resulting in fracture.

chlorinated hydrocarbons (dioxins, for example) have negative effects precisely on hormonal balance, metabolism, and the immune system!

Hormonal disorders cause fetuses and fetal membranes to be rejected, with the closing of the uterus as the ultimate result.

#### Like Diabetes

The kidney damage that has been observed is located in the vascular system of the cortex renis and is of a type that can appear as the result of hormonal imbalance combined with metabolic disturbance.

Remarkably enough, this is reminiscent of what occurs in diabetes.

It is suspected that the intestinal ulcers and the claw deformations are both due to defects in the animal's immune defenses, the result being that healing and the checking of the infection do not function normally.

The location of the deep ulcers in the intestine is precisely the spot where a seal is often attacked by parasites known as hookworms. The worms give rise to small ulcers in the mucous membrane. Normally, those ulcers would heal easily. Instead, they are now growing larger and larger in sick animals.

Seals also get small ulcers easily on their claws. The problem is the same as that described above.

And that is the story of the seal in Visby harbor. Experts already suspected back in January that it was sick, and the public was urged to let it alone.

What no one suspected was that the poor animal was dying as a consequence of environmental poisons in the Baltic Sea.

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ENVIRONMENTAL QUALITY

SWEDEN

REPORT FINDS INCREASED POLLUTION IN COUNTRY'S LAKES

Stockholm DAGENS NYHETER in Swedish 25 Jun 85 p 7

[Text] (TT)--The acidification of Sweden's lakes is spreading further and further. The situation has deteriorated especially in northern Dalarna, along the southern Norrland coast, and in Harjedalen.

This is shown by a major survey of lakes that was conducted this past winter and spring by the conservation agencies of county boards around the country.

"The material has not yet been completely processed," says William Dickson, head of section at the Environmental Control Unit at the National Environment Protection Board. "The data are being fed into the computer, and a compilation will be made when all the reports are in."

William Dickson says: "It is hard to say whether the situation in the lakes has grown worse in general or our knowledge of the situation has improved."

It was chiefly the larger lakes that had been studied in the past, but small and remote lakes have also been included in these most recent projects.

"Very generally, however, it can be said that acidification has spread to areas not previously affected."

According to the estimates usually quoted in this connection, there are about 20,000 acidified lakes in Sweden. In many of them, the fish have died or are in the process of doing so.

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